



# 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 2017 2017 年中期報告

\* for identification purposes only  
僅供識別



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# Corporate Information

## 公司資料

### Directors

#### Executive Directors

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

#### Independent non-executive Directors

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

### Audit and Risk Management Committee

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

### Remuneration Committee

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

### Nomination Committee

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

### Company Secretary

WONG Sin Yung CPA

### 董事

#### 執行董事

陳啟源(主席)  
陳正鶴(首席執行官)  
黃善榕 CPA

#### 獨立非執行董事

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

### 審核及風險管理委員會

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

### 薪酬委員會

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

### 提名委員會

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

### 公司秘書

黃善榕 CPA

## Corporate Information (Continued) 公司資料(續)

### Authorised Representatives

CHEN Zheng He  
WONG Sin Yung *CPA*

### 授權代表

陳正鶴  
黃善裕 *CPA*

### Registered Office

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

### 註冊辦事處

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

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

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

### 中國主要營業地點

中國  
廣州  
白雲區  
新市棠涌村  
棠樂路181號6樓  
郵編：510410

### Place of Business in Hong Kong

Suite B, 16/F  
Ritz Plaza  
122 Austin Road  
Tsimshatsui  
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  
31/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31樓



## Corporate Information (Continued)

### 公司資料(續)

#### Cayman Islands Principal Share Registrar and Transfer Office

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

#### Auditor

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

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

#### Stock Code

01338

#### Principal Bankers

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

Bank of China Limited  
1073 Jichang Road  
Guangzhou 510410  
PRC

#### 開曼群島證券過戶登記總處

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](http://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 reported that the total revenue of the continuing operations of the Group for the six months ended 30 June 2017 was approximately RMB107.1 million, representing a decrease of approximately 20.9% from approximately RMB135.4 million for the same period last year. The operating profit from the continuing operations of the Group for the six months ended 30 June 2017 was approximately RMB1.4 million, representing a decrease of approximately 94.0% from approximately RMB22.6 million for the same period last year.

For the six months ended 30 June 2017, the net profit from the continuing operations of the Group was approximately RMB1.1 million, representing a decrease of approximately 94.7% from approximately RMB21.2 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 administrative expenses.

To kick-start the corporate operational theme of the year “To quantify with performance following the precise execution of plans”, a national distributors meeting was held in January 2017 in Guangzhou to introduce the new Bawang shampoo products, to explain the Group’s investments in brand building and expansion of channels, and to demonstrate the upcoming marketing campaigns and publicity programs for the year. To further motivate the Group’s distributors and sales team, incentive leisure travel scheme for the participating distributors and internal staff members will be offered for free to those who complete the predetermined sales target for a specified period.

In May 2017, the Group participated in the China Beauty Expo in Shanghai, which is one of the key cosmetic industry exhibitions in China. The expo provided a platform for the Group to promote its various branded products in an international arena, to get hold the latest development and trend in the industry in China and to explore business opportunities with potential partners and distributors.

### 業務回顧

董事報告本集團截至二零一七年六月三十日止六個月的持續經營業務總收入約人民幣107.1百萬元，較二零一六年同期約人民幣135.4百萬元下降了約20.9%。本集團截至二零一七年六月三十日止六個月期間錄得持續經營業務的經營利潤約人民幣1.4百萬元，而去年同期錄得持續經營業務的經營利潤約人民幣22.6百萬元，較去年同期下降了約94.0%。

本集團截至二零一七年六月三十日止六個月錄得持續經營業務淨利潤約人民幣1.1百萬元，而去年同期錄得淨利潤約人民幣21.2百萬元，較去年同期下降了約94.7%。

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，本集團執行價值鏈導向的業務模式，用以降低銷售成本及行政費用。

為響應公司的營運主題「量化數字，強抓執行」，一場全國性的經銷商會議已於二零一七年一月在廣州舉行，會議介紹了最新的霸王洗髮產品並闡述了集團在品牌建設和渠道推廣上面的投資策略，以及展示了今年即將安排的市場活動和宣傳項目。為了進一步激勵本集團經銷商和銷售團隊，本集團將會發起一場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。

於二零一七年五月，本集團參加了於上海舉行的中國美容博覽會，這是在國內化妝品行業的其中一個重要展覽會，美博會給本集團在一個國際化妝品場所推廣各個品牌產品提供了宣傳平台，也使本集團把握最新發展和緊跟行業趨向，並開拓潛在合作夥伴和經銷商以提供更多的商機。



## Management Discussion and Analysis (Continued)

### 管理層討論及分析(續)

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

In the International Children's Day on 1 June 2017, a joint promotional program between the Group and a popular animated character "Superwing" was carried out in the stores to enhance the brand image of "Little King", which is our branded personal and skin care product series for children.

As at 30 June 2017, the Bawang brand distribution network comprised approximately 609 distributors and 18 KA retailers, covering 27 provinces and four municipalities in China. Furthermore, the products of the Group were also sold in Hong Kong, Singapore, Thailand, Malaysia and Venezuela.

During the period under review, the Group marketed Royal Wind branded shampoo products with the new theme "Let's chase for the wind rather than wait for the wind". As at 30 June 2017, the Royal Wind brand distribution network comprised approximately 609 distributors and 18 KA retailers, covering 27 provinces and four municipalities in China.

The Litao products mainly comprise 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. During the period under review, the Litao products were also sold through cosmetic specialty shops throughout China. As at 30 June 2017, the Litao products distribution network comprised approximately 609 distributors and two KA retailers, covering 27 provinces and four municipalities in China.

The Herborn Chinese herbal skincare product series targets white-collar ladies in the age range from 25 to 45 who have relatively high net incomes and are dedicated to pursue a healthy and natural lifestyle. As at 30 June 2017, 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.

為了促進霸王品牌產品的銷售，於回顧期內本集團在各個節日期間開展了大量的店內促銷活動。

於二零一七年六月一日的國際兒童節，為了滲透品牌形象，本集團針對兒童個人護膚產品品牌「小霸王」，聯合當前流行的動漫角色「超級飛俠」在門店開展促銷活動。

截至二零一七年六月三十日止，霸王品牌分銷網絡包括大概609個分銷商及18個重點零售商，覆蓋中國27個省份及四個直轄市。此外，該集團的產品也銷往香港、新加坡、泰國、馬來西亞以及委內瑞拉。

於回顧期內，本集團推出追風品牌新的營銷主題「等風來，不如追風去」。截至二零一七年六月三十日，追風品牌分銷網絡包括大概609個分銷商及18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。於回顧期內，麗濤產品亦於中國國內的化妝品專門店中發售。截至二零一七年六月三十日，麗濤品牌分銷網絡包括大概609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。截至二零一七年六月三十日，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 2017, the Group has established online flagship stores for our Bawang, Royal Wind, Herborn and Little King branded products on 39 online retailing platforms in China. We will deepen our efforts in the development of this channel.

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

- the permit for production of cosmetic products, which was issued by the Guangdong Food and Drug Administration and is valid until May 2021;
- Bawang brand name was awarded as “Consumers’ Trusted Brand” in the 2016 China Trendy Industry by the Information Times News Agency in January 2017;
- three Bawang branded product series 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;
- 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; and
- the Bawang brand was recommended and recognised as a “China Leading Brand” in the 22nd China Beauty Expo held in May 2017.

截至二零一七年六月三十日止，本集團已經在39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：

- 廣東省食品藥品監督管理局頒發的化妝品生產許可證書，有效期至二零二一年五月；
- 於二零一七年一月，霸王品牌被信息時報社認定為二零一六年中國時尚產業「消費者信賴品牌」；
- 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」，有效期為三年即至二零一八年年底；
- 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，有效期至二零一九年七月；
- 我們護髮護膚產品的生產流程通過了SGS機構評估，獲得國際標準組織化妝品生產操作指南ISO 22716：2007有關化妝品良好生產規範(GMP)認證，有效期至二零一九年七月；及
- 二零一七年五月，霸王品牌被中國美容博覽會推薦為第二十二屆美容博覽會「中國好品牌」。





## Management Discussion and Analysis (Continued)

### 管理層討論及分析(續)

## Financial Review

### Continuing Operations

#### Revenue

During the six months ended 30 June 2017, the Group's revenue of the continuing operations amounted to approximately RMB107.1 million, representing a decrease of approximately 20.9% from approximately RMB135.4 million during the same period last year. The decrease was primarily due to the decrease in purchase orders from the distributors for the six months ended 30 June 2017.

During the six months ended 30 June 2017, the Group's core brand, Bawang, generated a revenue of approximately RMB87.5 million, which accounted for approximately 81.7% of the Group's total revenue of continuing operations, and represented a decrease of approximately 17.2%, as compared with the same period last year.

During the six months ended 30 June 2017, the Group's branded Chinese herbal anti-dandruff haircare series, Royal Wind, generated a revenue of approximately RMB8.1 million, which accounted for approximately 7.5% of the Group's total revenue of continuing operations, and represented a decrease of approximately 7.4%, as compared with the same period last year.

During the six months ended 30 June 2017, the Group's natural-based branded shampoo, shower gel and laundry detergent products series, Litao, generated a revenue of approximately RMB7.3 million, which accounted for approximately 6.8% of the Group's total revenue of continuing operations, and represented a decrease of approximately 35.2%, as compared with the same period last year.

During the six months ended 30 June 2017, the Group's branded Chinese herbal skincare series, Herborn, generated a revenue of approximately RMB2.6 million, which accounted for approximately 2.4% of the Group's total revenue of continuing operations, and represented a decrease of approximately 73.6%, 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 2017, sales to our distributors and retailers represented approximately 86.2% and approximately 13.8% of the Group's total revenue of continuing operations respectively.

## 財務回顧

### 持續經營業務

#### 營業額

截至二零一七年六月三十日止六個月，本集團的持續經營業務收入約人民幣107.1百萬元，較去年同期持續經營業務收入的約人民幣135.4百萬元下降了約20.9%。下降的主要原因是二零一七年六月三十日止的分銷商訂單的減少。

截至二零一七年六月三十日止六個月，本集團的核心品牌霸王的收入約人民幣87.5百萬元，約佔本集團持續經營業務總收入的約81.7%，較去年同期下降了約17.2%。

截至二零一七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8.1百萬元，約佔本集團持續經營業務總收入的約7.5%，較去年同期下降了約7.4%。

截至二零一七年六月三十日止六個月，本集團的以純天然為基礎的洗髮水、沐浴露及洗衣液產品系列，麗濤的收入約人民幣7.3百萬元，約佔本集團持續經營業務總收入的約6.8%，較去年同期下降了約35.2%。

截至二零一七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2.6百萬元，約佔本集團持續經營業務總收入的約2.4%，較去年同期下降約73.6%。

我們一般通過廣泛的分銷商和零售商網絡銷售我們的產品。截至二零一七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約86.2%和13.8%。

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

During the six months ended 30 June 2017, our products were also sold in Hong Kong, Singapore, Thailand, Malaysia and Venezuela. The sales to these overseas markets outside China accounted for approximately 4.2% of our total revenue of continuing operations during the six months ended 30 June 2017.

### Cost of Sales

During the six months ended 30 June 2017, cost of sales amounted to approximately RMB57.3 million, representing a decrease of approximately RMB5.5 million (or approximately 8.7%) from approximately RMB62.8 million during the same period last year. The overall decrease in cost of sales was primarily due to a decrease in volume of production which was driven by lower demand for our products. As a percentage of revenue, cost of sales for the six months ended 30 June 2017 increased from approximately 46.4% in 2016 to approximately 53.5%, which was mainly due to an increase in unit cost incurred in raw materials, packaging materials and direct labour.

### Gross Profit

During the six months ended 30 June 2017, the Group's gross profit amounted to approximately RMB49.8 million, representing a decrease of approximately 31.4% from approximately RMB72.6 million for the same period last year. The gross profit margin for the six months ended 30 June 2017 also decreased from approximately 53.6% in 2016 to approximately 46.5%. The decrease in the gross profit margin was mainly attributable to the decrease of revenue and also by the increase in raw and packaging materials and labour costs.

### Selling and Distribution Costs

During the six months ended 30 June 2017, selling and distribution costs amounted to approximately RMB41.2 million, representing an increase of approximately 12.3% from approximately RMB36.7 million for the same period last year. Such increase was primarily due to the increase in revenues from the online sales channel and the resulting increase in platform promotion expenses in online sales channels and travelling and marketing survey expenses.

### Administrative Expenses

During the six months ended 30 June 2017, administrative expenses amounted to approximately RMB15.7 million, representing a decrease of approximately 5.9% from approximately RMB16.7 million for the same period last year. The decrease was primarily due to the decreases in legal expenses and the bad debt provision, which was partially offset by an increase in R&D expenses.

截至二零一七年六月三十日止六個月，我們的產品已在香港、新加坡、泰國、馬來西亞以及委內瑞拉市場上銷售。截至二零一七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持續經營業務總收入的約4.2%。

### 銷售成本

截至二零一七年六月三十日止六個月，銷售成本約為人民幣57.3百萬元，較去年同期的約人民幣62.8百萬元減少了約人民幣5.5百萬元(或約8.7%)。整體銷售成本下降的主要原因是本集團產品的需求下降導致的生產量下滑。就營業額佔比而言，截至二零一七年六月三十日止六個月的銷售成本從去年同期的約46.4%增加至約53.5%，其主要原因是由於原材料、包裝物材料和勞動力的單位成本增加。

### 毛利

截至二零一七年六月三十日止六個月，本集團的毛利為約人民幣49.8百萬元，與去年同期約人民幣72.6百萬元相比下降了約31.4%。截至六月三十日止六個月的毛利率從二零一六年的約53.6%下降到二零一七年的約46.5%。毛利率下降的主要原因是由於營業額的減少和原材料、包裝物材料和勞動力成本的增加。

### 銷售及分銷成本

截至二零一七年六月三十日止六個月，銷售及分銷成本增加至約人民幣41.2百萬元，較去年同期的約人民幣36.7百萬元增加了約12.3%。其增加的原因主要是網上銷售收入的增加使得平台推廣費增加，以及差旅費和市場調研費的增加。

### 行政費用

截至二零一七年六月三十日止六個月，行政費用約人民幣15.7百萬元，較去年同期的約人民幣16.7百萬元下降了約5.9%。其下降的主要原因是法律費用和壞賬撥備的減少，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)

#### Profit from Operations

The Group recorded an operating profit from its continuing operations of approximately RMB1.4 million for the six months ended 30 June 2017, representing a decrease of approximately 94.0% from approximately RMB22.6 million for the same period last year. Such decrease is primarily attributable to the decrease in the revenue of the continuing operations of Group by approximately 20.9% and also by the increase in the costs of sales.

#### Finance Income and Costs

For the six months ended 30 June 2017, finance income of the Group amounted to approximately RMB0.2 million, which was roughly the same as that for the same period last year.

For the six months ended 30 June 2017, interest on bank borrowings amounted to approximately RMB0.2 million (six months ended 30 June 2016: nil), and there was no imputed interest on non-interest bearing loans from controlling shareholders (six months ended 30 June 2016: approximately RMB1.4 million).

#### Other Income

The Group recorded other income of approximately RMB8.7 million for the six months ended 30 June 2017, representing an increase of approximately 136.8% from approximately RMB3.7 million for the same period last year. Such increase was primarily attributable to the increase in government grants, exchange gains and write-back of excessive provision for selling expenses that were made in previous years, which was partially offset by a decrease in receivables from litigation claims.

#### Income Tax Expense

During the two six month periods ended 30 June 2017 and 30 June 2016, respectively, the Group did not have any income tax expense and/or reversal.

#### Net Profit for the Period from Operations

As a result of the combined effect of the abovementioned factors, the Group recorded a net profit of approximately RMB1.1 million for the six months ended 30 June 2017, representing a decrease of approximately 94.7% from approximately RMB21.2 million for the six months ended 30 June 2016.

#### 經營盈利

本集團截至二零一七年六月三十日止六個月錄得持續經營業務之經營盈利約為人民幣1.4百萬元，而去年同期錄得經營盈利約人民幣22.6百萬元，較去年同期下降了約94.0%。其下降的主要原因是由於持續經營業務收入下降了約20.9%，以及銷售成本的增加。

#### 財務收入及融資成本

截至二零一七年六月三十日止六個月，本集團財務收入約人民幣0.2百萬元，與去年同期大約相同。

截至二零一七年六月三十日止六個月，來自銀行借款的利息約為人民幣0.2百萬元(截至二零一六年六月三十日止六個月：無)，而本集團並無控股股東免息貸款而估算的利息(截至二零一六年六月三十日止六個月：約人民幣1.4百萬元)。

#### 其他收入

本集團截止二零一七年六月三十日止六個月錄得其他收入約人民幣8.7百萬元，較去年同期約人民幣3.7百萬元增加了約136.8%，其增長的主要原因是由於政府補助及匯兌收益的增加和撥回的以前年度超額計提的銷售開支，當中有部分被法律賠償的應收款項減少所抵銷。

#### 所得稅支出

截至二零一七年及二零一六年六月三十日止六個月，本集團未發生任何所得稅支出及/或抵扣。

#### 經營業務之期內盈利

因上述因素的綜合影響，本集團截至二零一七年六月三十日止六個月的持續經營業務錄得盈利約為人民幣1.1百萬元，而截至二零一六年六月三十日止六個月的持續經營業務錄得利潤約為人民幣21.2百萬元，較去年同期下降了約94.7%。

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

### Discontinued Operation

The Board discontinued the production and sales of herbal tea products from 1 July 2013. During the period under review, the business operation of herbal tea products was dormant without any revenue or expense attributable to the Group.

### Profit for the Period Attributable to Owners of the Company

As a result of the combined effect of the above factors, the Group recorded a profit attributable to owners of the Company of approximately RMB1.1 million for the six months ended 30 June 2017, representing a decrease of approximately 94.7% from approximately RMB21.2 million for the same period last year.

### Events after the Reporting Period

As disclosed in the Company's announcement dated 9 August 2016, on 2 August 2016, Bawang (Guangzhou) Co., Ltd. ("**Bawang Guangzhou**"), a wholly foreign owned and limited liability company established in the PRC and a wholly-owned subsidiary of the Group, and Guangzhou Bawang Cosmetics Co., Ltd ("**Guangzhou Bawang**"), a company beneficially owned as to 20% by Mr. CHEN Zheng He, the Chief Executive Officer and an executive Director of the Company, and 80% by Mr. CHEN Zheng He's six brothers and sisters, entered into the Production Plant Lease Agreement and Office Premises Lease Agreement, in relation to the lease of production plant (the "**Production Plant**") and office premises (the "**Office Premises**") used by the Group for a term of three years commencing from 9 August 2016, which constituted continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

On 2 August 2017, Bawang Guangzhou served a notice to Guangzhou Bawang to inform its intention to move out of the Office Premises on 1 November 2017. The Company intends to relocate its offices from the Office Premises to a new location that is closer to our Production Plant. The Directors believe that the relocation will strengthen inter-departmental communication, thereby enhancing collaboration and operational efficiency. The Company has commenced the search for suitable premises as our new offices and will make an announcement and comply with the applicable requirements under the Listing Rules when a new office lease has been entered into.

### 已終止經營業務

董事會已於二零一三年七月一日停止涼茶產品的生產及銷售。於回顧期內，集團涼茶業務暫無運作，且未於本集團錄得任何營業額或費用。

### 本公司擁有人應佔期內盈利

因上述因素的綜合影響，本集團截至二零一七年六月三十日止六個月錄得本公司擁有人應佔期內盈利約人民幣1.1百萬元，而截至二零一六年六月三十日止六個月錄得應佔盈利約人民幣21.2百萬元，較去年同期下降了約94.7%。

### 報告期後事項

誠如本公司於二零一六年八月二日披露的公告，霸王(廣州)有限公司(以下簡稱「霸王廣州」)與廣州霸王化妝品有限公司(以下簡稱「廣州霸王」)於二零一六年八月九日簽訂了兩份有關於租賃辦公場所(以下簡稱「辦公場所」)和生產廠房(以下簡稱「生產廠房」)的協議，租期自二零一六年八月九日起，為期三年。霸王廣州是一家於中國成立的外商全資擁有的有限責任公司及本集團全資擁有的子公司，廣州霸王的20%股權由本公司之首席執行官及執行董事陳正鶴先生實益持有，而餘下之80%則由陳正鶴先生之六位弟妹實益持有。根據上市規則第14A章這兩份租賃協議構成本公司的持續關連交易。

霸王廣州在二零一七年八月二日以通知形式知會廣州霸王其於二零一七年十一月一日搬出辦公場所的意向。本公司擬將其辦公場所搬遷至距離我們生產廠房更近的新地點。董事相信上述搬遷將會加強部門之間的溝通，從而提升協作和營運效率。本公司已開始尋找合適的場所作為我們新的辦公場所。本公司將遵守上市規則的適用規定及將在訂立新辦公場所租約時作出公告。





## Management Discussion and Analysis (Continued)

### 管理層討論及分析(續)

#### Outlook

Economic momentum remained resilient in the second quarter of 2017 which has been supported by strong domestic dynamics and healthy global demand. The International Monetary Fund has raised its forecast for China's economic growth this year to 6.7%, citing "policy support, especially expansionary credit and public investment".

With the growth target set to comfortably 6.5% for 2017, authorities are expected to put more emphasis on addressing economic imbalances and deepening reforms through the end of the year.

Some economists forecast that the Chinese economy is expected to decelerate in 2017 as the property sector cools, manufacturing growth slows, and government fiscal stimulus is pulled back due to unsustainable levels of debt.

When formulating the business strategies of the Group, the Directors would take all these views on the upcoming macro-economic environment into consideration.

The corporate operational theme for the rest of 2017 is "To quantify with performance following the precise execution of plans".

For Bawang branded product series, the Group intends to expand its market segment which also covers the younger generation. Trendy and colorful packing will be designed to attract the young customers. Through internet and social media, the Group will retain popular webhosts to disseminate the concept of doing haircare through traditional Chinese medicine. The Group will also educate the young customers on the importance of taking precautionary steps for anti-hair fall while they are young.

For Little King branded product series, which has been in the market for about a year, the Group will work on the brand-building process and will target to broaden both the traditional sales as well as online sales channels. Instore promotional and publicity programs will be carried out to build up its brand image and enhance sales revenue.

For Royal Wind branded product series, the Group will continue with the new market slogan, "Let's chase for the wind rather than wait for the wind." Attractive product packings for new haircare product series will be tailored-made to match the trendy lifestyle of young customers.

#### 展望

受強勁的國內動力和健康的環球市場需求的支撐，二零一七年第二季度經濟增長勢頭保持彈性。國際貨幣基金組織預期中國經濟增長上調至6.7%，理由是「政策支持，尤其是擴張信貸和公共投資」。

在二零一七年經濟增長目標較容易達到6.5%的情況下，預計中國政府將更加重視解決經濟失衡問題，並在年底前深化改革。

一些經濟學家預測，隨著房地產行業降溫，製造業增長放緩，政府財政刺激措施被不可持續的債務水平拖累，預計中國經濟在二零一七年減速。

在制定集團的業務戰略時，董事們會對即將到來的宏觀經濟環境考慮在內。

在二零一七年剩餘的時間內，企業的運營主題是「量化數字，強抓執行」。

對於霸王品牌系列產品，集團計劃擴大年輕一代的市場份額，將推出時尚多彩的包裝設計來吸引年輕的消費者。集團將通過網絡和社會媒體，微博網紅來推廣中藥養發來護理頭髮的意識。集團將引導消費者年輕時就要開始關注防脫髮的重要性。

小霸王品牌產品系列問世已經將近一年。本集團將會繼續推進品牌建設進程，目標是擴大傳統銷售以及網上銷售渠道，開展門店促銷和宣傳活動以建立品牌形象以提高銷售。

對於追風系列產品，集團將繼續用新的市場口號「等風來，不如追風去」，針對當下時尚生活方式的年輕消費者推出絢麗產品包裝的全新護髮產品系列。



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

For Herborn branded products series, the Group will continue to expand online sales platforms to increase the sales revenue.

For the channel developments, the Group will take a progressive approach for the development of sales channels through the conventional stores. 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 household and personal care (“HPC”) products in the dedicated area inside the contracted supermarkets. Whilst the Group will appropriately invest in the development of online sales channels, which has rapidly developed over the past two years, the Group will review the channel performances to check if they are in line with the pre-determined targets.

For production management, the Group has taken measures to upgrade the following operating systems along the production lines, viz.: cleaning-in-place, sterilising-in-place, materials storage and conveying, and wasted water detection. A quality control bonus pool has been set up to encourage the workers’ participation in the quality control. We believe that quality comes first, quantity will follow. We will make every effort to ensure the product quality and safety.

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

Looking forward, the strategic directions to sustain and develop our business in the 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 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.

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，集團將通過傳統渠道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招募包場經銷商，即是指獲得在合約賣場銷售家庭及個人護理產品的獨家權利的經銷商。同時集團將適時地投資於網上銷售渠道，在過去的兩年時間裏，網上銷售渠道急速發展，集團將回顧渠道業績來檢查是否能達到預期目標。

對於生產管理，本集團將採取措施隨著生產線優化以下的操作系統，如在線清洗，在線消毒，原材料儲備和運輸，污水監測等。同時設立質量把控獎金池，以激勵公司全員參與質量管理。我們始終堅守「品質為先，質量第一」的方針，我們將努力確保產品質量和安全。

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。

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

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，增加銷售收入，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。

## Management Discussion and Analysis (Continued)

### 管理層討論及分析(續)

#### Liquidity, Financial Resources and Capital Structure

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

#### 流動資金、財務資源及資本架構

本集團採用保守的理財策略並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 2017 於二零一七年 六月三十日 RMB in million 人民幣百萬元 (Unaudited) (未經審核)	31 December 2016 於二零一六年 十二月三十一日 RMB in million 人民幣百萬元 (Audited) (經審核)
Cash and cash equivalent	銀行結存及現金	15.4	22.3
Total loans	貸款總額	9.4	5.6
Total assets	總資產	287.1	295.5
Gearing ratio <sup>Note</sup>	資產負債率 <sup>備註</sup>	3.3%	1.9%

Note: Calculated as total loans divided by total assets.

備註：按貸款總額除以資產總額計算。

#### Material Acquisition 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.

#### 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。

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

The operations of the Group are mainly carried out in China, with most transactions settled in Renminbi. The reporting currency of the Group is Renminbi. During the 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. In addition, the Group paid certain advertising fees in United States Dollars or Hong Kong Dollars.

#### 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。此外，本集團以美元或港幣支付若干廣告費。

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

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.

As at 30 June 2017, 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 2017, the Group did not have any significant contingent liabilities.

### Capital Commitment

As at 30 June 2017, the capital commitment for acquisition of property, plant and equipment of the Group was approximately RMB2.4 million.

### Charge of Assets

As at 30 June 2017, buildings with carrying values of approximately RMB3,803,000 (2016: approximately RMB3,927,000) and pledged bank deposits of approximately RMB10,000 (2016: approximately RMB10,000) had been pledged to secure banking facilities granted to the Group. As at 30 June 2017, banking facilities of approximately RMB3,810,000 were utilised and approximately RMB80,590,000 were unutilised and available for the Group's future financing.

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。

於二零一七年六月三十日，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

於二零一七年六月三十日，本集團並無任何重大或然負債。

### 資本承擔

於二零一七年六月三十日，本集團購建物業、廠房及業務資本承擔總額約人民幣2.4百萬元。

### 資產抵押

於二零一七年六月三十日，本集團抵押帳面價值約人民幣3,803,000元的建築物（二零一六年度：約人民幣3,927,000元）及抵押銀行存款約人民幣10,000元（二零一六年度：約人民幣10,000元）以確保銀行給予本集團的授信額度。於二零一七年六月三十日，本集團已使用的銀行授信額度約為人民幣3,810,000元，未使用及可供本集團未來使用的銀行授信額度約為人民幣80,590,000元。



## Management Discussion and Analysis (Continued)

### 管理層討論及分析(續)

#### Human Resources

To provide incentive to the employees of the Group, the Group is committed to staff training and development under any economic circumstances. The Group 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 2017, the Group organised various in-house training classes to strengthen the soft skills of our staff members such as time management, stress management and leadership development. Apart from these in-house courses, the Group also required our department managers to attend external courses on reward and compensation, and motivation. We required our senior sales and marketing staff to attend brand positioning strategy courses, and we required our finance and accounting staff members to attend seminars about the latest accounting standards, taxation practices and budgetary control.

As at 30 June 2017, the Group employed 1,208 employees (30 June 2016: 1,166), consisting of full-time employees and contract personnel in the PRC and Hong Kong. The total personnel expenses of the continuing operations, comprising wages, salaries and benefits, and equity-settled share-based payments, amounted to approximately RMB23.4 million for the six months ended 30 June 2017 (six months ended 30 June 2016: approximately RMB29.3 million).

#### 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。

截至二零一七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。

截至二零一七年六月三十日，本集團僱用1,208名員工(二零一六年六月三十日：1,166)，其中包括在中國和香港的全職員工以及合約僱員。總持續經營業務人事開支包括工資、薪金和福利以及以權益結算之股份支付款項，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(截至二零一六年六月三十日止六個月：約人民幣29.3百萬元)。

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

The following table sets forth a breakdown of the total headcount of our employees of the continuing operations as at 30 June 2017 and 2016, respectively:

下表分別載列於二零一七年六月三十日及二零一六年六月三十日我們持續經營業務的總僱員人數的明細：

		As at 30 June 2017 於二零一七年 六月三十日	As at 30 June 2016 於二零一六年 六月三十日
Full-time employees	全職僱員	205	212
Contract personnel	合約僱員		
– Sales persons	– 促銷員	577	785
– Others	– 其他	426	169
<b>Total headcount of the continuing operations</b>	<b>持續經營業務 總人數</b>	<b>1,208</b>	<b>1,166</b>

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

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

Our employees in the PRC and Hong Kong 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.

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。

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

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





## Other Information 其他資料

### 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 2017, 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”):

### 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

於二零一七年六月三十日，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：

## Other Information (Continued) 其他資料(續)

### 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%

Notes:

附註：

- CHEN Qiyuan was deemed to be interested in the 1,900,840,000 shares of the Company held by Fortune Station Ltd. ("Fortune Station") by virtue of CHEN Qiyuan 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.
- 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.
- 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.

- 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 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。
- 憑藉陳正鶴作為受託人代彼及其六位弟妹持有 Heroic Hour 的全部已發行股本而被視為於 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。
- 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。

## Other Information (Continued)

### 其他資料(續)

#### 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:

附註：

- 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.
- 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).

- 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於萬玉華在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%。
- 憑藉陳正鶴作為受托人代彼及其六位弟妹持有Heroic Hour之全部已發行股本而被視為於Heroic Hour在Fortune Station的權益中擁有權益。

## Other Information (Continued) 其他資料(續)

Other than as disclosed above, as at 30 June 2017, 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.

除上述披露的人員之外，於二零一七年六月三十日，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。

### Interests and Short Positions of Substantial Shareholders of the Company

As of 30 June 2017, so far as known to any Director or chief executive of the Company, shareholders (other than a Director or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company as recorded in the register that was required to be kept pursuant to Section 336 of the SFO were as follows:

### 本公司主要股東的權益及淡倉

據本公司任何董事或最高行政人員所知，於二零一七年六月三十日，股東(除本公司董事或最高行政人員外)於股份或相關股份中擁有根據證券及期貨條例第336條規定須登記於需存置的登記冊內的權益或淡倉如下：

Name of shareholder 股東名稱	Nature of interest 權益性質	Number of ordinary shares of the Company held 持有的公司普通股股份數目	Approximate percentage of issued share capital of the Company 於公司已發行股本中之權益百分比 (約數)
Fortune Station	Beneficial owner 實益擁有人	1,900,840,000 (L)	60.12%
Heroic Hour	Interest in controlled corporation (Note 1) 所控制法團權益(附註1)	942,199,659 (L)	29.80%
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%

## 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 Cynthia Yuping (Note 3) 陳鈺坪(附註3)	Beneficiary of a trust (other than a discretionary trust) 信託受益人(非酌情信託)	122,466,303	3.87%
	Other 其他	1,778,373,697	56.25%
CHEN Li Zi (Note 3) CHEN Li Zi (附註3)	Beneficiary of a trust (other than a discretionary trust) 信託受益人(非酌情信託)	122,466,303	3.87%
	Other 其他	1,778,373,697	56.25%
CHEN Zheng Sheng (Note 3) CHEN Zheng Sheng (附註3)	Beneficiary of a trust (other than a discretionary trust) 信託受益人(非酌情信託)	122,466,303	3.87%
	Other 其他	1,778,373,697	56.25%
CHEN Zheng Yan (Note 3) 陳正諺(附註3)	Beneficiary of a trust (other than a discretionary trust) 信託受益人(非酌情信託)	122,466,303	3.87%
	Other 其他	1,778,373,697	56.25%
CHEN Ya Shan (Note 3) 陳雅善(附註3)	Beneficiary of a trust (other than a discretionary trust) 信託受益人(非酌情信託)	122,466,303	3.87%
	Other 其他	1,778,373,697	56.25%
CHEN Bo Ling (Note 3) CHEN Bo Ling (附註3)	Beneficiary of a trust (other than a discretionary trust) 信託受益人(非酌情信託)	122,466,303	3.87%
	Other 其他	1,778,373,697	56.25%

(L)—Long Position

(L)—好倉



## Other Information (Continued) 其他資料(續)

### Notes:

1. Heroic Hour was the beneficial owner of approximately 49.57% of the issued share capital of Fortune Station and was deemed to be interested in the shares of the Company held by Fortune Station.
2. 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.
3. The interests of CHEN Cynthia Yuping, CHEN Li Zi, CHEN Zheng Sheng, CHEN Zheng Yan, CHEN Ya Shan and CHEN Bo Ling were held as beneficiaries under a trust, which held 100% of the issued share capital of Heroic Hour.

Other than as disclosed above, as of 30 June 2017, the Company has not notified by any person (other than a Director or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept pursuant to Section 336 of the SFO.

## Share Option Scheme and Pre-IPO Share Option Scheme

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

### 附註：

1. 憑藉Heroic Hour為Fortune Station已發行股本的約49.57%實益擁有人，Heroic Hour被視為於Fortune Station持有的公司股份中擁有權益。
2. 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，並被視為於陳啟源在Fortune Station的權益中擁有權益。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。
3. 憑藉陳鈺坪、CHEN Li Zi、CHEN Zheng Sheng、陳正諺、陳雅善和CHEN Bo Ling為同一信託下的受益人，此信託持有Heroic Hour全部已發行股本。

於二零一七年六月三十日，除上文所披露人士之外，本公司未接到通知有任何人士（除本公司董事或最高行政人員外）於股份或相關股份中擁有根據證券及期貨條例第336條規定須登記於需存置的登記冊內的權益或淡倉。

## 購股權計劃及首次公開發售前購股權計劃

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



## Other Information (Continued)

### 其他資料(續)

#### Share Option Scheme

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

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

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

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

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

As of 1 January and 30 June 2017, 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 2017.

#### 購股權計劃

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

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

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

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

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

於二零一七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，而截至二零一七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。

## Other Information (Continued) 其他資料(續)

### Pre-IPO Share Option Scheme

The Pre-IPO Share Option Scheme became effective on 10 December 2008. As at 30 June 2017, options to subscribe for an aggregate of 14,532,000 Shares were granted, representing approximately 0.5% of the issued share capital of the Company. No further options will be granted under the Pre-IPO Share Option Scheme.

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

A total of 4,200,000 pre-IPO share options were granted to two executive Directors on 8 June 2009. Of which, options to subscribe for a total of 840,000 shares held by a director resigned on 28 May 2013 were forfeited on the same date, which was partially exercised up to 30 June 2017. Movement of these share options during the six months ended 30 June 2017 were as follows:

### 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。於二零一七年六月三十日，已授予總共14,532,000股的購股權，大約佔本公司已發行股份之約0.5%。概無根據首次公開發售前購股權計劃授出的其他購股權。

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

於二零零九年六月八日，公司授予兩名執行董事合共4,200,000股的首次公開發售前購股權。其中，一名董事於二零一三年五月二十八日辭任而其持有合共840,000股份購股權已於同日失效，截至二零一七年六月三十日，該購股權已部分被行使。這些首次公開發售前購股權截至二零一七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 2017 於 二零一七年 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 2017 於 二零一七年 一月一日 尚未行使	Granted during the period 於期內 授予數目	Exercise during the period 於期內 行權數目	Forfeited during the period 於期內失效			
WONG Sin Yung 黃善裕	8 June 2009 二零零九年六月八日	Par Value 面值	630,000	—	—	—	630,000	0.01	4 July 2014 to 8 June 2019 二零一四年七月四日至 二零一九年六月八日
Total 合計			630,000	—	—	—	630,000	0.01	



## Other Information (Continued)

### 其他資料(續)

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

As at 1 January and 30 June 2017, 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 2017. Details of Pre-IPO Share Option Scheme are set out in Note 15 under the section headed "Notes to the Consolidated Financial Statements" in this interim report.

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

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

## The Corporate Governance Code 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 2017.

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。

於二零一七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，截至二零一七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。

## 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。

## 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，截至二零一七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。

## Other Information (Continued) 其他資料(續)

### 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.

### 董事進行證券交易的標準 守則

本公司已採納標準守則的上市規則附錄10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。

### 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 2017 with the management of the Company and recommended its adoption by the Board.

### 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公司治理準則一致的職權範圍。審核和風險管理委員會已與公司管理層審閱本集團截至二零一七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。

### 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 2017.

### 派息

根據本集團經營業績的回顧，董事會不建議派發關於截至二零一七年六月三十日止六個月的中期股息。

### Updates on Director's Information

Dr. NGAI Wai Fung, an independent non-executive Director of the Company, resigned as an independent non-executive director of China Coal Energy Company Limited (01898) and China Railway Group Limited (0390) with effect from 26 June 2017, respectively.

### 董事資料更新

本公司之獨立非執行董事魏偉峰博士，自二零一七年六月二十六日起分別不再擔任中國中鐵股份有限公司(00390)及中國中煤能源股份有限公司(01898)之獨立非執行董事。

By Order of the Board  
**Chen Qiyuan**  
Chairman

承董事會命  
**陳啟源**  
主席

Hong Kong, 30 August 2017

香港，二零一七年八月三十日



# Condensed Consolidated Statement of Profit or Loss

## 簡明綜合損益表

For the six months ended 30 June 2017

截至二零一七年六月三十日止六個月

		Six months ended 30 June 截至六月三十日止六個月		
		Notes 附註	2017 二零一七年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2016 二零一六年 RMB'000 人民幣千元 (Unaudited) (未經審核)
Revenue	營業額	3	107,126	135,396
Cost of sales	銷售成本		(57,287)	(62,771)
Gross profit	毛利		49,839	72,625
Other income	其他收入		8,729	3,686
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)	(264)
Selling and distribution costs	銷售及分銷成本		(41,221)	(36,704)
Administrative expenses	行政費用		(15,744)	(16,730)
Other expenses	其他費用		(121)	(3)
Finance costs	融資成本	4	(219)	(1,446)
<b>Profit before taxation</b>	<b>稅前盈利</b>	5	<b>1,131</b>	21,164
Income tax expense	稅項	6	—	—
<b>Profit for the period attributable to owners of the Company</b>	<b>本公司擁有人應佔期內盈利</b>		<b>1,131</b>	21,164
<b>Earnings per share</b>	<b>每股盈利</b>	8		
Basic and diluted (RMB cents)	基本及攤薄(人民幣仙)		0.04	0.71

# 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 2017  
截至二零一七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	
		2017 二零一七年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2016 二零一六年 RMB'000 人民幣千元 (Unaudited) (未經審核)
		Notes 附註	
<b>Profit for the period attributable to owners of the Company</b>	本公司擁有人應佔 期內盈利		1,131
<b>Other comprehensive (expense)/income for the period</b>	期內其他全面 (支出)/收益		
Other comprehensive (expense)/income to be reclassified to profit or loss in subsequent periods (net of tax):	可於其後重新分類至 損益(支出)/收益之項目 (扣除稅項):		
Exchange differences arising on translation of foreign operations	海外業務換算之匯兌 差異		(2,068)
<b>Total comprehensive (expense)/income for the period attributable to owners of the Company</b>	本公司擁有人應佔年內 全面(支出)/收益 總額		(937)

# Condensed Consolidated Statement of Financial Position

## 簡明綜合財務狀況表

As at 30 June 2017

於二零一七年六月三十日

			30 June 2017 二零一七年 六月三十日 RMB'000 人民幣千元 (Unaudited) (未經審核)	31 December 2016 二零一六年 十二月三十一日 RMB'000 人民幣千元 (Audited) (經審核)
		Notes 附註		
<b>Non-current assets</b>	<b>非流動資產</b>			
Property, plant and equipment	物業、廠房及設備	9	131,539	137,237
<b>Current assets</b>	<b>流動資產</b>			
Inventories	存貨		41,906	41,827
Biological assets	生物資產	10	327	457
Trade and other receivables	貿易及其他應收款項	11	50,241	65,584
Amounts due from related parties	應收關聯方款項	17(a)	27,657	8,075
Pledged bank deposits	已抵押銀行存款		10	10
Deposit with bank	銀行存款	12	20,000	20,000
Bank balances and cash	銀行結存及現金	12	15,427	22,312
			<b>155,568</b>	158,265
<b>Current liabilities</b>	<b>流動負債</b>			
Trade and other payables	貿易及其他應付款項	13	118,514	127,121
Amounts due to related parties	應付關聯方款項	17(a)	114	660
Bank borrowings	銀行借款		9,415	5,610
Income tax payables	應付所得稅		9,066	9,066
Provisions	計提準備		393	2,503
			<b>137,502</b>	144,960
<b>Net current assets</b>	<b>流動資產淨值</b>		<b>18,066</b>	13,305
<b>Total assets less current liabilities</b>	<b>資產總值減流動負債</b>		<b>149,605</b>	150,542
<b>Net assets</b>	<b>資產淨值</b>		<b>149,605</b>	150,542
<b>Capital and reserves</b>	<b>資本及儲備</b>			
Share capital	股本	14(a)	277,878	277,878
Reserves	儲備	14(b)	(128,273)	(127,336)
<b>Total equity</b>	<b>權益總額</b>		<b>149,605</b>	150,542

# Condensed Consolidated Statement of Changes in Equity

## 簡明綜合權益變動表

For the six months ended 30 June 2017

截至二零一七年六月三十日止六個月

		Attributable to owners of the Company 本公司擁有人應佔								
		Share capital	Share Premium	PRC statutory reserves 中國 法定儲備	Capital Reserve	Merger reserve	Exchange translation reserve	Other reserve	Accumulated losses	Total equity
		股本 RMB'000 人民幣千元 (note 15(a)) (附註15(a))	股本溢價 RMB'000 人民幣千元 (note 15(b)) (附註15(b))	法定儲備 RMB'000 人民幣千元 (note 15(b)) (附註15(b))	資本儲備 RMB'000 人民幣千元 (note 15(b)) (附註15(b))	合併儲備 RMB'000 人民幣千元 (note 15(b)) (附註15(b))	匯兌儲備 RMB'000 人民幣千元 (note 15(b)) (附註15(b))	其他儲備 RMB'000 人民幣千元 (note 15(b)) (附註15(b))	累計虧損 RMB'000 人民幣千元	權益總額 RMB'000 人民幣千元
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
At 1 January 2016 (audited)	於二零一六年一月一日 (經審核)	256,705	1,356,369	49,887	2,814	8,468	(29,185)	7,752	(1,611,478)	41,332
Profit for the period	期內盈利	—	—	—	—	—	—	—	21,164	21,164
Other comprehensive income for the period	期內其他全面收益	—	—	—	—	—	7,110	—	—	7,110
Total comprehensive income for the period	期內全面收益總額	—	—	—	—	—	7,110	—	21,164	28,274
Deemed contribution arising from non-interest bearing loans from controlling shareholders	控股股東提供的免息貸款所產生之視同注資	—	—	—	—	—	—	8,256	—	8,256
Deemed distribution arising from early repayment of non-interest bearing loans from controlling shareholders	償還控股股東提供的免息貸款所選之視同減資	—	—	—	—	—	—	(6,587)	—	(6,587)
Issue of shares by way of placing	通過增發的方式發行新股	21,173	44,462	—	—	—	—	—	—	65,635
At 30 June 2016 (unaudited)	於二零一六年六月三十日 (未經審核)	277,878	1,400,831	49,887	2,814	8,468	(22,075)	9,421	(1,590,314)	136,910

# Condensed Consolidated Statement of Cash Flows

## 簡明綜合現金流量表

For the six months ended 30 June 2017

截至二零一七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

		2017 二零一七年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2016 二零一六年 RMB'000 人民幣千元 (Unaudited) (未經審核)
<b>OPERATING ACTIVITIES</b>	<b>經營活動</b>		
Profit before taxation	稅前盈利	1,131	21,164
Adjustments for:	就下列作出調整：		
Bank interest income	銀行利息收入	(186)	(2)
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	264
Depreciation of property, plant and equipment	物業、廠房及設備折舊	6,097	5,205
Finance costs	融資成本	219	1,446
Write-down of inventories	存貨跌價	1,724	468
Impairment loss recognised in respect of trade receivables	貿易應收款項之減值損失 確認	1,549	2,075
Loss on disposal of property, plant and equipment	處置物業、廠房及設備損失	14	3
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	10,735	30,623
(Increase)/decrease in inventories	存貨(增加)/減少	(1,800)	1,592
Increase in biological assets	生物資產增加	—	(223)
Decrease in trade and other receivables	貿易及其他應收款項減少	13,794	23,478
Increase in amounts due from related parties	應付關連方款項增加	(19,582)	—
Decrease in amounts due to related parties	應付關連方款項減少	(546)	(7,893)
Decrease in trade and other payables	貿易及其他應付款項減少	(8,607)	(34,000)
Decrease in provisions	計提費用減少	(2,165)	(338)
Cash (used in)/generated from operations	經營活動(所用)/所產生的 現金	(8,171)	13,239
Interest paid	已付利息	(219)	—
<b>NET CASH (USED IN)/FROM OPERATING ACTIVITIES</b>	<b>經營活動(所用)/所產生的 現金淨額</b>	<b>(8,390)</b>	<b>13,239</b>



## Condensed Consolidated Statement of Cash Flows (Continued)

### 簡明綜合現金流量表(續)

For the six months ended 30 June 2017  
截至二零一七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	
		2017 二零一七年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2016 二零一六年 RMB'000 人民幣千元 (Unaudited) (未經審核)
<b>INVESTING ACTIVITIES</b>	<b>投資活動</b>		
Purchase of property, plant and equipment	購買物業、廠房及設備	(460)	(1,256)
Plantation expenditure of biological assets	生物資產種植支出	(5)	(109)
Bank interest received	已收銀行利息	186	2
Proceeds from disposal of property, plant and equipment	處置物業、廠房及設備的所得款項	2	—
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>投資活動所用的現金淨額</b>	<b>(277)</b>	<b>(1,363)</b>
<b>FINANCING ACTIVITIES</b>	<b>融資活動</b>		
New bank borrowings raised	新增銀行借款	3,820	—
Repayment of bank borrowings	償還銀行借款	(15)	—
Proceeds from issue of new shares by way of placing	通過配售發行新股所得款項	—	65,635
Proceeds from loan from controlling shareholders	控股股東借款所得款項	—	29,323
Repayment of loan from controlling shareholders	償還控股股東借款	—	(84,046)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>融資活動產生的現金淨額</b>	<b>3,805</b>	<b>10,912</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>現金及現金等價物(減少)/產生淨額</b>	<b>(4,862)</b>	<b>22,788</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>於期初之現金及現金等價物</b>	<b>22,312</b>	<b>29,604</b>
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES</b>	<b>匯率變動影響</b>	<b>(2,023)</b>	<b>—</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, representing bank balances and cash</b>	<b>於期終之現金及現金等價物 即指銀行結存及現金</b>	<b>15,427</b>	<b>52,392</b>

# Notes to the Condensed Consolidated Financial Statements

## 簡明綜合財務報表附註

For the six months ended 30 June 2017

截至二零一七年六月三十日止六個月

### 1. 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 Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Its immediate parent company is Fortune Station Limited, which was incorporated in the British Virgin Islands (“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”).

The condensed consolidated financial statements of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2017 have been prepared in accordance with the applicable disclosure provisions of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (“IASB”).

The Group had accumulated losses of approximately RMB1,566,520,000 as at 30 June 2017 and net cash outflow from operating activities of approximately RMB8,390,000 for the six months ended 30 June 2017. In view of such circumstances, the directors of the Company have given consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern.

### 1. 編製基準

霸王國際(集團)控股有限公司(「本公司」)於開曼群島註冊成立為獲豁免的有限公司並且在香港聯合交易所有限公司(「聯交所」)上市。其直接母公司為在英屬處女群島(「英屬處女群島」)註冊的Fortune Station Limited，其股份受益人(1) 49.57%由Heroic Hour Limited擁有，Heroic Hour Limited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；(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」)。

本公司及附屬公司(「本集團」)截至二零一七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。

於二零一七年六月三十日，本公司錄得累計虧損約人民幣1,566,520,000元及截至二零一七年六月三十日經營活動產生的現金流出淨額約人民幣8,390,000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。

# 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 2017  
截至二零一七年六月三十日止六個月

### 1. Basis of Preparation (Continued)

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 RMB15,427,000 and net current assets of approximately RMB18,066,000 as at 30 June 2017;
- (ii) the Group had unutilised banking facilities of approximately RMB80,590,000 as at 30 June 2017; and
- (iii) the Group shall implement cost-saving measures to maintain adequate cash flows for the Group's operations.

In light of the above, the directors of the Company are of the opinion that it is still appropriate to prepare the condensed consolidated financial statements for the six months ended 30 June 2017 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)

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) 本集團於二零一七年六月三十日持有銀行結存及現金約人民幣15,427,000元及截至二零一七年六月三十日淨流動資產約人民幣18,066,000元；
- (ii) 截至二零一七年六月三十日，本集團尚未使用銀行融資約人民幣80,590,000元；及
- (iii) 本集團將採取節省成本措施，維持充足現金流以供本集團業務營運之用。

有見於上述各項，本公司董事認為，按持續經營基準編製截至二零一七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 2017

截至二零一七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, except for biological assets which are measured at fair values.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2016, except as described below.

In the current interim period, the Group has applied, for the first time, the following new standards, amendments and interpretation ("new and revised IFRSs") issued by the IASB which are effective for the Group's financial year beginning on 1 January 2017.

Amendments to IFRSs	Annual Improvements to IFRSs 2014–2016 Cycle: Amendments to IFRS 12
Amendments to IAS 7	Disclosure Initiative
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses

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

### 2. 主要會計政策

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

除下文載列，綜合財務報表所運用的會計政策與本集團二零一六年十二月三十一日編制的年綜合財務報表運用的會計政策是一致的。

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」），並於本集團財政年度二零一七年一月一日起生效。

國際財務報告準則之修訂本	國際財務報告準則之年度改進 (二零一四年至二零一六年周 期)國際財務報 告準則第12號之 修訂
國際會計準則第7號之修訂本	披露措施
國際會計準則第12號之修訂本	未變現虧損確認 遞延稅項資產

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。

# 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 2017  
截至二零一七年六月三十日止六個月

## 2. Principal Accounting Policies (Continued)

### Annual Improvements to IFRSs 2014–2016 Cycle

Amendments to IFRS 12 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in IFRS 12

The amendment to IFRS 12 clarifies that the disclosure requirement of IFRS 12 is applicable to interest in entities classified as held for sale except for summarised financial information. Previously, it was unclear whether all other IFRS 12 requirements were applicable for these interests.

The amendments should be applied retrospectively. The directors of the Company considered that the application of the amendments to IFRS 12 has had no material impact on the Group's condensed consolidated financial statements.

### Amendments to IFRS 7 Disclosure Initiative

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

The application of amendments to IFRS 7 results in additional disclosures on the Group's financing activities, especially reconciliation between the opening and closing balances for liabilities arising from financing activities. The Group will disclose additional information in its annual consolidated financial statements for the year ended 31 December 2017. On initial application of the amendments, the Group is not required to provide comparative information for preceding periods.

## 2. 主要會計政策(續)

### 國際財務報告準則之年度改進 (二零一四年至二零一六年週期)

國際財務報告準則第12號之修訂對其他實體的權益披露：對國際財務報告準則第12號的披露要求範圍的說明。

國際財務報告準則第12號修正案闡明了國際財務報告準則第12號的披露要求適用於分類為除了匯總的財務資訊外持有待售的實體權益。先前，尚不清楚所有其他國際財務報告準則第12號的規定是否適用於這些權益。

修正案應追溯適用。本公司董事認為，採納國際財務報告準則第12號修正案中所載之修訂將不會對本集團的綜合財務報表構成重大影響。

### 國際會計準則第7號(修訂本)披露措施

該等修訂要求實體提供使財務報表使用者能夠評估融資活動所產生之負債變動之披露資料，包括現金流量產生之變動及非現金變動。該等修訂並無限定達成新披露規定之指定方法。然而，該等修訂指出其中一個方法為提供融資活動產生之負債之期初及期末結餘之對賬。

應用國際會計準則第7號之修訂會導致對本集團融資活動作出額外披露，特別是會就融資活動產生之負債於期初及期末之結餘作出對賬。本集團將於截至二零一七年十二月三十一日止年度之全年綜合財務報表內披露額外資料。於首次應用該等修訂時，本集團毋須提供先前期間之比較資料。



# 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 2017

截至二零一七年六月三十日止六個月

### 2. Principal Accounting Policies (Continued)

#### Amendments to IFRS 12 Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset.

The amendments also provide guidance on how an entity should determine future taxable profits to support the recognition of a deferred tax asset arising from a deductible temporary difference.

The amendments should be applied retrospectively. The directors of the Company considered that the application of the amendments to IFRS 12 has had no material impact on the Group's condensed consolidated financial statements.

### 3. Revenue and Segment Information

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

For the purposes of resource allocation and assessment of segment performance, information reported to the executive directors of the Company, being the chief operating decision maker 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 chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

### 2. 主要會計政策(續)

#### 國際財務報告準則第12號之修訂未變現虧損確認遞延稅項資產

修訂案明確規定，可抵扣暫時性差異的存在僅取決於報告期末資產帳面價值及其課稅基礎之比較，不受未來可能發生的帳面價值變動或預期變動資產回收的影響。

修訂案還就實體應如何確認未來應納稅所得額以支持確認由可抵扣暫時性差異產生的遞延稅項資產提供指導。

修訂案應追溯適用。本公司董事認為，採納國際財務報告準則第12號修正案中所載之修訂將不會對本集團的綜合財務報表構成重大影響。

### 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 2017  
截至二零一七年六月三十日止六個月

### 3. Revenue and Segment Information (Continued)

Specifically, the Group's reportable and operating segments under IFRS 8 are as follows:

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

Also, the executive directors of the Company are provided with segment information concerning segment revenue and result. Segment assets and liabilities are not reported to the executive directors of the Company regularly.

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

For the six months ended 30 June 2017

### 3. 營業額及分部資料(續)

根據國際財務報告準則第8號，本集團之可報告的經營分部為：

- 護髮產品
- 護膚產品
- 其他家用及個人護理產品

本公司的執行董事獲提供有關分部收入和分部業績的信息，而分部資產和負債的信息則不會定期向本公司執行董事報告。

以下是本集團按可報告的持續經營分部收入及業績分析：

截至二零一七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	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

## 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 2017

截至二零一七年六月三十日止六個月

### 3. Revenue and Segment Information (Continued)

For the six months ended 30 June 2016

### 3. 營業額及分部資料(續)

截至二零一六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	107,837	9,753	17,806	135,396
Segment profit/(loss)	分部盈利/(虧損)	25,505	1,698	(5,389)	21,814
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				(264)
Bank interest income	銀行利息收入				213
Other income	其他收入				3,473
Corporate and other unallocated expenses	未分配之總部與 其他開支				(2,626)
Finance costs	融資成本				(1,446)
Profit before taxation	稅前盈利				21,164

Segment results represent the profit/(loss) made by each segment without allocation of changes in fair value less costs to sell of biological assets, bank interest income, compensation income, net exchange gains/losses, central administration costs, directors' emoluments and finance costs. This is the measure reported to the executive directors of the Company for the purposes of resource allocation and performance assessment.

分部業績指各分部所錄得之盈利/(虧損)，當中並無分配生物資產的公允價值減銷售成本的變動損益、銀行利息收入、匯兌收益/虧損淨額、中央管理成本、董事薪酬以及融資成本。此及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 2017  
截至二零一七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	
		2017 二零一七年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2016 二零一六年 RMB'000 人民幣千元 (Unaudited) (未經審核)
Imputed interest on non-interest bearing loans from controlling shareholders	控股股東無息借款之 估算利息	—	1,446
Interest on bank borrowings	銀行貸款利息	219	—
		<b>219</b>	<b>1,446</b>

### 5. Profit before Taxation

### 5. 稅前盈利

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

稅前盈利已(計入)/扣除下列項目：

		Six months ended 30 June 截至六月三十日止六個月	
		2017 二零一七年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2016 二零一六年 RMB'000 人民幣千元 (Unaudited) (未經審核)
Bank interest income	銀行利息收入	(186)	(213)
Depreciation of property, plant and equipment	物業、廠房及設備折舊	6,097	5,205
Impairment loss recognised in respect of trade receivables	確認貿易應收款項減值損失	1,549	2,075
Net loss on disposal of property, plant and equipment	處置物業、廠房及設備的 淨損失	14	3
Redundancy costs	僱員遣散費	125	—
Write-down of inventories (included in cost of sales)	存貨跌價準備(計入銷售成本)	1,724	468

## 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 2017

截至二零一七年六月三十日止六個月

### 6. Income Tax Expense

- (i) Under the Law of the People's Republic of China ("PRC") on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the subsidiaries is 25% from 1 January 2008 onwards.

The PRC EIT Law allows enterprises to apply for the certificates of "High and New Technology Enterprise" ("HNTE") which entitles the qualified companies to a preferential income tax rate of 15%. Bawang (Guangzhou) Co., Ltd. ("Bawang Guangzhou"), a PRC subsidiary of the Group, was qualified as a HNTE in 2009 and the qualification was renewed and valid until 2018. However, Bawang Guangzhou did not have any assessable profits subject to Enterprise Income Tax for the six months ended 30 June 2017 and had tax losses brought forward to offset the assessable profits generated for the six months ended 30 June 2016.

- (ii) No provision for Hong Kong Profits Tax has been provided as the Group did not have any assessable profits subject to Hong Kong Profits Tax for the six months ended 30 June 2017 and 2016.
- (iii) Pursuant to the laws and regulations of the Cayman Islands and BVI, the Group is not subject to any income tax in the Cayman Islands and BVI for the current and previous interim periods.
- (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 2017 and 2016, respectively since the PRC subsidiaries had accumulated losses as at 30 June 2017 and 2016.

### 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，而本集團所累積的稅損結轉將用作抵扣截至二零一六年六月三十日止六個月的應課稅盈利。

- (ii) 截至二零一七年及二零一六年六月三十日止六個月，本集團並沒有任何須繳納香港所得稅之應課稅溢利，所以並無作出香港利得稅撥備。
- (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。
- (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，外商投資企業的海外投資者須就來自中國附屬公司溢利的股息繳付10%預扣所得稅。根據避免中港兩地雙重徵稅安排，於香港創立的投資者如果持有中國附屬公司不低於25%權益且為受益所有人，則可享受來自其中國附屬公司的股息的寬減預扣稅率5%。由於中國附屬公司於二零一七年六月三十日和二零一六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二零一六年六月三十日止六個月並沒有計提預扣所得稅。



## 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 2017  
截至二零一七年六月三十日止六個月

### 7. Dividends

No dividends were paid, declared or proposed during the interim period. The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2017 (six months ended 30 June 2016: nil).

### 8. Earnings Per Share

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the earnings for the period of approximately RMB1,131,000 (six months ended 30 June 2016: approximately RMB21,164,000) and the weighted average number of approximately 3,161,811,000 (six months ended 30 June 2016: approximately 2,981,866,000) ordinary shares in issue during the period.

For the six months ended 30 June 2017 and 2016, respectively the diluted earnings per share are the same as the basic earnings per share.

The computation of diluted earnings per share for the six months ended 30 June 2017 and 2016 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 2017, the Group acquired assets with a cost of approximately RMB460,000 (six months ended 30 June 2016: approximately RMB1,256,000).

Assets with an aggregate carrying amount of approximately RMB16,000 were disposed of by the Group during the six months ended 30 June 2017 (six months ended 30 June 2016: approximately RMB3,000), resulting in a net loss on disposal of approximately RMB14,000 (six months ended 30 June 2016: approximately RMB3,000).

### 7. 股息

中期期間內並無派付、宣派或擬派任何股息。本公司董事不建議派付截至二零一七年六月三十日止六個月的任何中期股息(截至二零一六年六月三十日止六個月：無)。

### 8. 每股盈利

本公司擁有人應佔之每股基本及攤薄盈利是根據期內盈利約人民幣1,131,000元(截至二零一六年六月三十日止六個月：約人民幣21,164,000元)及期內已發行普通股加權平均數約3,161,811,000股(截至二零一六年六月三十日止六個月：約2,981,866,000股)計算。

截至二零一七年及二零一六年六月三十日止六個月的每股攤薄盈利等同每股基本盈利。

由於本公司的購股權具有反攤薄效果，所以在計算截至二零一七年及二零一六年六月三十日止六個月期間每股攤薄盈利時，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

截至二零一七年六月三十日止六個月，本集團購入資產的成本大約為人民幣460,000元(截至二零一六年六月三十日止六個月：約人民幣1,256,000元)。

截至二零一七年六月三十日止六個月，本集團將賬面淨值為人民幣16,000元的資產處置掉(截至二零一六年六月三十日止：約人民幣3,000元)，導致約人民幣14,000元的處置物業、廠房及設備的淨損失(截至二零一六年六月三十日止六個月：約人民幣3,000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 2017

截至二零一七年六月三十日止六個月

### 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 2017 截至二零一七年 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 2016 截至二零一六年 十二月三十一日 止年度 RMB'000 人民幣千元 (Audited) (經審核)
At 1 January 2017/1 January 2016	457	426
Changes in fair value less costs to sell	(132)	29
Plantation expenditure	5	14
Herbs harvested during the period/year	(3)	(12)
At 30 June 2017/31 December 2016	327	457

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

As at 30 June 2017, the Group had 24 hectares (31 December 2016: 24 hectares) of growing herbs.

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

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

截至二零一七年六月三十日，本集團擁有24公頃(二零一六年十二月三十一日：24公頃)種植的中草藥。

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

## 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 2017  
截至二零一七年六月三十日止六個月

### 10. Biological Assets (Continued)

The following unobservable inputs were used in level 3 fair value measurements of the Group's biological assets as at 30 June 2017:

Unobservable inputs 不可觀察資料	Range of unobservable inputs (weighted average) 不可觀察資料範圍 (加權平均值)	Relations of unobservable inputs to fair value 不可觀察資料與公允價值之關係
Growing herbs yield — kg per hectare 種植之中草藥收成 — 每公頃千克	780–880 (799) per year 每年780–880(799)	The higher the growing herbs yield, the higher the fair value 種植之中草藥收成越多， 公允價值越高
Growing herbs price 種植之中草藥價格	RMB22 per kg 每千克人民幣22元	The higher the market price, the higher the fair value 種植之中草藥市值越高， 公允價值越高
Discount rate 折現率	11% (11%) per annum 每年11%(11%)	The higher the discount rate, the lower the fair value 種植之中草藥折現率越高， 公允價值越低

以下為截至二零一七年六月三十日  
有關生物資產第三級公允價值計量  
之不可觀察資料：

### 10. 生物資產(續)

The following unobservable inputs were used in level 3 fair value measurements of the Group's biological assets as at 31 December 2016:

Unobservable inputs 不可觀察資料	Range of unobservable inputs (weighted average) 不可觀察資料範圍 (加權平均值)	Relations of unobservable inputs to fair value 不可觀察資料與公允價值之關係
Growing herbs yield — kg per hectare 種植之中草藥收成 — 每公頃千克	750–850 (769) per year 每年750–850(769)	The higher the growing herbs yield, the higher the fair value 種植之中草藥收成越多， 公允價值越高
Growing herbs price 種植之中草藥價格	RMB31 per kg 每千克人民幣31元	The higher the market price, the higher the fair value 種植之中草藥市值越高， 公允價值越高
Discount rate 折現率	11% (11%) per annum 每年11%(11%)	The higher the discount rate, the lower the fair value 種植之中草藥折現率越高， 公允價值越低

以下為截至二零一六年十二月三十  
一日有關生物資產第三級公允價值  
計量之不可觀察資料：

## 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 2017

截至二零一七年六月三十日止六個月

### 10. Biological Assets (Continued)

The discount rates used in the valuation of the biological assets in the PRC at the end of the reporting period were based on the market-determined pre-tax rate.

There has been no change from the valuation technique used in the annual consolidated financial statements for the year ended 31 December 2016. In estimating the fair value of the biological assets, the highest and best use of the biological assets is their current use.

Reconciliation of Level 3 fair value measurements of growing herbs on recurring basis:

		Six months ended 30 June 2017 截至二零一七年 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 2016 截至二零一六年 十二月三十一日 止年度 RMB'000 人民幣千元 (Audited) (經審核)
At 1 January 2017/ 1 January 2016	於二零一七年一月一日/ 二零一六年一月一日	457	426
Addition	添置	5	14
Change in fair value due to transformation	因形態轉變而產生之 公允價值變動	(132)	29
Transfer to inventory	轉至存貨	(3)	(12)
At 30 June 2017/ 31 December 2016	於二零一七年六月三十日/ 二零一六年十二月三十一日	327	457

The above changes in fair value recognised in profit or loss of losses approximately RMB132,000 (year ended 31 December 2016: gains approximately RMB29,000) is presented on the face of the condensed consolidated statement of profit or loss and other comprehensive income. Included in the changes in fair value is an amount of losses approximately RMB132,000 (year ended 31 December 2016: gains approximately RMB29,000) that is attributable to the change in unrealised gains or losses relating to biological assets held at the end of the reporting period.

### 10. 生物資產(續)

於呈報期末，為於中國種植的生物資產估值使用之折現率是基於市場釐定之稅前利率。

估值技術較截至二零一六年十二月三十一日止年度之年度綜合財務報表所使用者並無改變。就計量生物資產之公允價值而言，生物資產之最有效使用值為其現時之使用值。

生物資產之循環性第三級公允價值計量對賬：

以上於損益中確認之公允價值變動約人民幣132,000元(截至二零一六年十二月三十一日止年度：約人民幣29,000元)已於簡明綜合損益及其他全面收益表上呈現。其中約人民幣132,000元(截止二零一六年十二月三十一日止年度：約人民幣29,000元)之公允價值變動乃歸於與報告期末持有生物資產相關之未實現利潤或虧損之變動。

## 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 2017  
截至二零一七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 2017 二零一七年 六月三十日 RMB'000 人民幣千元 (Unaudited) (未經審核)	31 December 2016 二零一六年 十二月三十一日 RMB'000 人民幣千元 (Audited) (經審核)
0-90 days	0-90天	27,228	23,952
91-180 days	91-180天	9,709	11,203
181-365 days	181-365天	5,195	2,249
Over 365 days	超過365天	75	6,938
Total debtors, net of allowance for impairment of trade receivables	應收賬款壞賬準備	42,207	44,342
Prepayment for purchase of raw materials	支付購買原材料款項	1,348	1,516
Short-term prepaid advertising fee	短期預付廣告費用	409	212
Litigation costs receivable	訴訟費用應收款項	—	16,101
Other receivables	其他應收款	6,277	3,413
		<b>50,241</b>	<b>65,584</b>

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

本集團允諾貿易客戶平均信貸期限為30至90天。

### 12. Pledged Bank Deposits/Deposit with Bank/Bank Balances and Cash

#### Pledged bank deposits

Pledged bank deposits represent deposits pledged to banks to secure banking facilities granted to the Group. Deposits amounting to RMB10,000 (31 December 2016: RMB10,000) have been pledged to secure short-term bank loans and are therefore classified as current assets. The pledged deposits carry fixed interest rate of 1.10% (31 December 2016: 1.10%) per annum.

### 12. 抵押銀行存款/銀行存款/銀行結存及現金

#### 抵押銀行存款

抵押銀行存款指集團為獲得銀行的授信額度，將存款抵押於銀行的種。已經抵押給銀行獲得銀行的短期借款人民幣10,000(於二零一六年十二月三十一日止：人民幣10,000)因此被劃分為流動資產抵押銀行存款固定年利率為1.10%(於二零一六年十二月三十一日：1.10%)。



## 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 2017

截至二零一七年六月三十日止六個月

### 12. Pledged Bank Deposits/Deposit with Bank/Bank Balances and Cash (Continued)

#### Deposit with bank

As at 30 June 2017, deposit with bank of RMB20,000,000 with maturity in May 2018 (31 December 2016: RMB20,000,000, with maturity in May 2017), carries interest at fixed rate of 1.75% (31 December 2016: 1.75%) per annum.

#### Bank balances and cash

As at 30 June 2017, cash at bank carries interest at floating rates based on daily bank deposits rates of 0.001% to 0.35% (31 December 2016: 0.001% to 0.35%) per annum.

### 13. Trade and Other Payables

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

		30 June 2017 二零一七年 六月三十日 RMB'000 人民幣千元 (Unaudited) (未經審核)	31 December 2016 二零一六年 十二月三十一日 RMB'000 人民幣千元 (Audited) (經審核)
0-30 days	0-30天	18,415	25,540
31-90 days	31-90天	8,442	8,106
Total creditors	應付賬款	26,857	33,646
Receipt in advance	預收賬款	16,075	14,306
Payable for acquisition of property, plant and equipment	購買廠房、設備與機器 相關的賬款	2,101	4,287
Promotion fee payable	應付促銷費	5,929	14,875
Accrued payroll	應付工資	852	874
Other payables and accruals	其他應付款及計提款項	66,700	59,133
		<b>118,514</b>	<b>127,121</b>

### 12. 抵押銀行存款/銀行存款/銀行結存及現金(續)

#### 銀行存款

於二零一七年六月三十日，銀行存款人民幣20,000,000(於二零一六年十二月三十一日：人民幣20,000,000，在二零一七年五月到期)將於二零一八年五月到期，固定年利率為1.75%(於二零一六年十二月三十一日：1.75%)。

#### 銀行結存及現金

於二零一七年六月三十日，銀行現金按每日銀行存款浮動年利率0.001%至0.35%(於二零一六年十二月三十一日：0.001%至0.35%)計算利息。

### 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)

For the six months ended 30 June 2017  
截至二零一七年六月三十日止六個月

### 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 2016 (audited),	於二零一六年一月		
31 December 2016 (audited) and	一日(經審核)、		
30 June 2017 (unaudited)	二零一六年十二月		
	三十一日(經審核)及		
	二零一七年六月		
	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 2016 (audited),	於二零一六年		
	一月一日(經審核)	2,911,811	256,705
Issue of 250,000,000 new shares of HK\$0.1 each at a price of HK\$0.31 each per placing share by way of placing in May 2016 (note)	於二零一六年五月以增發的方式發行250,000,000新股，每股面值為0.10港元，增發價格為每股0.31港元(附註)	250,000	21,173
At 31 December 2016 (audited),	於二零一六年十二月		
1 January 2017 (audited) and	三十一日(經審核)、		
30 June 2017 (unaudited)	二零一七年一月一日		
	(經審核)及二零一七年		
	六月三十日(未經審核)	3,161,811	277,878

Note: The shares rank pari passu with the existing shares in all respects.

附註：這些股份在各方面享有同等權益。

# 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 2017

截至二零一七年六月三十日止六個月

### 14. Share Capital and Reserves (Continued)

#### (b) Nature and purpose of reserves

##### (i) Share premium

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

##### (ii) Capital reserve

The capital reserve represents the portion of the grant date fair value of unexercised share options granted to employees of the Company that has been recognised in accordance with accounting policy adopted in the 2013 annual financial statements.

##### (iii) PRC statutory reserves

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

Bawang Guangzhou and Bawang (China) Beverage Company 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.

### 14. 股本及儲備(續)

#### (b) 儲備性質及用途

##### (i) 股本溢價

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

##### (ii) 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二零一三年年報披露的會計政策於資本儲備中確認。

##### (iii) 中國法定儲備

中國法定儲備乃根據有關中國規則及規例以及本集團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。

# 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 2017  
截至二零一七年六月三十日止六個月

### 14. Share Capital and Reserves (Continued)

#### (b) Nature and purpose of reserves (Continued)

##### (iii) PRC statutory reserves (Continued)

Statutory general reserve can be used to make good prior years' losses, if any, and may be converted into share capital by issuing new shares to equity shareholders proportionate to their existing percentage of equity interests provided that the balance after such issue is not less than 25% of the registered capital.

##### (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.

##### (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) 中國法定儲備(續)

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

##### (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

包括換算中國境外業務之財務報表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 2017

截至二零一七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 2017  
截至二零一七年六月三十日止六個月

### 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 2017 截至 二零一七年六月三十日 止六個月		Year ended 31 December 2016 截至 二零一六年十二月三十一日 止年度	
		Weighted average exercise price 加權平均 行使價 HK\$ 港元	Number of options 購股權 數量 '000 千	Weighted average exercise price 加權平均 行使價 HK\$ 港元	Number of options 購股權 數量 '000 千
Outstanding at the beginning of the period/year	於期/年初 尚未行使	0.77	1,654	0.77	1,654
Exercised during the period/year	期/年內行使	n/a	—	n/a	—
Forfeited during the period/year	期/年內被沒收	n/a	—	n/a	—
Outstanding at the end of the period/year	於期/年末 尚未行使	0.77	1,654	0.77	1,654

At 30 June 2017, 1,654,000 share options were exercisable (31 December 2016: 1,654,000).

截至二零一七年六月三十日止，1,654,000股股票期權存在(二零一六年十二月三十一日：1,654,000股)。

### 16. Fair Value Measurements of Financial Instruments

The Group's financial instruments, including the loans and receivables (including trade and other receivables, deposit with bank and bank balances and cash) and financial liabilities (including trade and other payables, amounts due to related parties and loan from controlling shareholders), 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 approximate their fair values.

### 16. 財務工具的公允價值計量

本集團的財務工具包括貸款、應收款項(包括貿易及其他應收款項、銀行結存及現金)及財務負債(包括貿易及其他應付款項、應付關連方款項及控股股東貸款)，以攤薄成本記錄。本公司董事認為以攤薄成本計量於簡明綜合財務報表的金融資產和金融負債的賬面價值接近其公允價值。

## 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 2017

截至二零一七年六月三十日止六個月

### 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. 關連方交易

除簡明綜合財務報表披露外，本集團已於期內進行下列關連方交易及結餘：

- (a) 於呈報期末之結餘如下：

		Amounts due (to)/from related parties (應付)/應收關連方款項	
		30 June 2017 二零一七年 六月三十日 RMB'000 人民幣千元 (Unaudited) (未經審核)	31 December 2016 二零一六年 十二月三十一日 RMB'000 人民幣千元 (Audited) (經審核)
<b>Non-trade related</b>	<b>非貿易相關</b>		
Guangzhou Bawang International Hotel Co., Ltd. ("Guangzhou Bawang Hotel") (note iv)	廣州霸王國際大酒店有限公司(「廣州霸王酒店」)(附註iv)	—	(54)
<b>Trade related</b>	<b>貿易相關</b>		
Guangzhou Chenming Paper Products Company Limited ("Guangzhou Chenming") (note ii)	廣州晨明紙品有限公司(「廣州晨明」)(附註ii)	—	(310)
Guangzhou Qiancai Packaging Materials Co., Ltd. ("Guangzhou Qiancai") (note ii)	廣州市倩采包裝材料有限公司(「廣州倩采」)(附註ii)	(112)	(295)
Guangzhou Xiaoxiao Supply Chain Management Co., Ltd. ("Guangzhou Xiaoxiao") (note v)	廣州小小供應鏈管理有限公司(「廣州小小」)(附註iii)	(2)	(1)
		(114)	(660)
<b>Non-trade related</b>	<b>非貿易相關</b>		
Guangzhou Bawang Cosmetic Co., Ltd ("Guangzhou Bawang") (note i)	廣州霸王化妝品有限公司(附註i)	27,512	8,027
Guangzhou Bawang Hotel (note iv)	廣州霸王酒店(附註iv)	77	—
Guangzhou Chenming (note ii)	廣州晨明(附註ii)	68	—
<b>Trade related</b>	<b>貿易相關</b>		
Guangzhou Friend's Group Information Technology Company Limited ("Guangzhou Friend's Group") (note iii)	廣州親友團科技信息有限公司(「廣州親友團」)(附註iii)	—	48
		27,657	8,075

# 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 2017  
截至二零一七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 was effectively 100% owned by Mr. CHEN Zheng He, the chief executive officer and an executive director of the Company. As at 30 June 2017 and 31 December 2016, the balance due from Guangzhou Bawang mainly represented rental prepayment. The balance was unsecured, interest-free and repayable on demand.
- (ii) Guangzhou Chenming and Guangzhou Qiancai are under the control of the close family members of the Controlling Shareholders of the Company. The credit term granted by Guangzhou Chenming and Guangzhou Qiancai is 30 days. The balances were unsecured and interest-free. As at 30 June 2017 and 31 December 2016, the amounts due to Guangzhou Chenming and Guangzhou Qiancai were due within 1 month or on demand.
- (iii) Guangzhou Friend's Group was under the control of the close family members of the Controlling Shareholders of the Company. The credit terms granted to Guangzhou Friend's Group is 15 days. The balances were unsecured and interest-free.
- (iv) Guangzhou Bawang Hotel was effectively 100% owned by the Controlling Shareholders of the Group. The balance due to Guangzhou Bawang International mainly represented meeting and catering services payable. The balance was unsecured, interest-free and repayment on demand.
- (v) Guangzhou Xiaoxiao was under the control of the Controlling Shareholders of the Group. The credit term granted by Guangzhou Xiaoxiao is payment before delivery. The balances were unsecured and interest-free.

### 17. 關連方交易(續)

- (a) 於呈報期末尚未償付之結餘如下：(續)

附註：

- (i) 廣州霸王由本公司之執行董事及首席執行官陳正鶴先生100%有效擁有。於二零一七年六月三十日和二零一六年十二月三十一日，廣州霸王的期末結餘主要為應付租金。有關結餘無抵押、免息並按要求償還。
- (ii) 廣州晨明和廣州倩采是由本公司控股股東關係密切的家庭成員控制的。由廣州晨明和廣州倩采給予的信貸期為30日。有關結餘無抵押及免息。於二零一七年六月三十日及二零一六年十二月三十一日，廣州晨明和倩采的期末餘額一個月內到期或按要求償還。
- (iii) 廣州親友團是本公司控股股東的近親屬控制的有限公司，本公司給廣州親友團的信用期是15天。有關結餘無擔保免息的。
- (iv) 廣州霸王酒店由本集團控股股東100%有效擁有。廣州霸王酒店的期末結餘主要是應付會議及餐飲服務費。有關結餘無抵押、免息並按要求償還。
- (v) 廣州小小供應鏈管理有限公司由本集團控股股東控制。授予廣州小小的信用期限為款到發貨。有關結餘無抵押、免息。

## 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 2017

截至二零一七年六月三十日止六個月

### 17. Related Party Transactions (Continued)

### 17. 關連方交易(續)

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

(b) 於回顧期內，本集團與關連方訂立如下交易：

		Six months ended 截至六個月	
		2017 二零一七年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2016 二零一六年 RMB'000 人民幣千元 (Unaudited) (未經審核)
<b>Trade related</b> <b>貿易相關</b>			
Guangzhou Chenming (note i) 廣州晨明(附註i)	Purchase of packaging materials 採購包裝材料	3,473	2,545
Guangzhou Qiancai (note ii) 廣州倩采(附註ii)	Purchase of packaging materials 採購包裝材料	117	382
<b>Non-trade related</b> <b>非貿易相關</b>			
Guangzhou Bawang (note iii) 廣州霸王(附註iii)	Utilities paid on behalf 代墊交付水電費	295	196
Guangzhou Bawang International Hotel Co., Ltd. (note iv) 廣州霸王國際大酒店 有限公司(附註iv)	Conference and catering services received 接受會議及餐飲服務	597	555
Guangzhou Bawang (note v) 廣州霸王(附註v)	Rent of production plant and office premises 租賃生產廠房和辦公場所	5,300	7,277

Notes:

附註：

- (i) During the six months ended 30 June 2017, packaging materials were purchased from Guangzhou Chenming amounting to approximately RMB3,473,000 (six months ended 30 June 2016: approximately RMB2,545,000). The directors of the Company have confirmed that the basis of consideration for the purchase of packaging materials is the prevailing market price.
- (ii) During the six months ended 30 June 2017, packaging materials were purchased from Guangzhou Qiancai amounting to approximately RMB117,000 (six months ended 30 June 2016: approximately RMB382,000). The directors of the Company have confirmed that the basis of consideration for the purchase of packaging materials is the prevailing market price.

- (i) 截至二零一七年六月三十日止六個月，向廣州晨明購買的包裝材料之金額約人民幣3,473,000元(截至二零一六年六月三十日止六個月：約人民幣2,545,000元)。本公司董事確認上述包裝材料的購買是以現行市價為考慮基準。
- (ii) 截至二零一七年六月三十日止六個月，向廣州倩采購買的包裝材料之金額約人民幣117,000元(截至二零一六年六月三十日止六個月：約人民幣382,000元)。本公司董事確認上述包裝材料的購買是以現行市價為考慮基準。

# 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 2017  
截至二零一七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: (Continued)

(iii) During the six months ended 30 June 2017, utilities expenses were paid on behalf of the Group by Guangzhou Bawang amounting to approximately RMB295,000 (six months ended 30 June 2016: approximately RMB196,000).

(iv) During the six months ended 30 June 2017, meeting and catering services were provided to the Group by Guangzhou Bawang International Hotel Co., Ltd. amounting to approximately RMB597,000 (six months ended 30 June 2016: approximately RMB555,000). Guangzhou Bawang International Hotel Co., Ltd. was effectively 100% owned by the Controlling Shareholders of the Company. The directors of the Company are of the opinion that the above transactions were conducted on normal commercial terms in the ordinary course of business.

- (v) The Group and Guangzhou Bawang had entered into the following lease agreements in relation to rental of production premises and office building:

On 9 August 2013, The Group and Guangzhou Bawang entered into lease agreements, pursuant to which The Group leased from Guangzhou Bawang the production plant and office premises at fixed monthly rental of RMB1,120,000 and RMB92,800, respectively. The terms of the lease under the agreements are 3 years from 9 August 2013. Following the expiry of the previous lease agreements, The Group and Guangzhou Bawang agreed on 9 August 2016 to enter into the new lease agreements in relation to the same premises with a reduced leased area at fixed monthly rental of RMB800,000 and RMB84,000 for a term of three years commencing from 9 August 2016. Details of which were set out in the Company's announcement dated 9 August 2016. During the six months ended 30 June 2017, approximately RMB5,300,000 (six months ended 30 June 2016: approximately RMB7,277,000) was recognised in the condensed consolidated statement of profit or loss and other comprehensive income.

### 17. 關連方交易(續)

- (b) 於回顧期內，本集團與關聯方訂立如下交易：(續)

附註：(續)

(iii) 截至二零一七年六月三十日止六個月，廣州霸王代本集團支付的水電費合共約人民幣295,000元(截至二零一六年六月三十日止六個月：約人民幣196,000元)。

(iv) 截至二零一七年六月三十日止六個月，廣州霸王國際大酒店有限公司向本集團提供的會議及餐飲服務費用總計人民幣約597,000元(截至二零一六年六月三十日止六個月：約人民幣555,000元)。廣州霸王國際大酒店有限公司由本公司控股股東100%有效擁有。本公司董事認為上述交易乃在日常業務過程中按正常商業條款進行的。

- (v) 本集團與廣州霸王已訂立下列有關租賃生產廠房及辦公室樓宇的租賃協議。

於二零一三年八月九日，霸王廣州與廣州霸王訂立兩份租賃協議。據此，霸王廣州向廣州霸王租賃生產廠房和辦公場地，每月固定租金及管理費用分別為人民幣1,120,000和人民幣92,800。協議的租約期限為2013年8月9日起3年，在之前的租賃協議期滿後，本集團和廣州霸王同意於二零一六年八月九日簽署了一份有關同一減少租賃面積的生產場所和同一辦公場地的月租費分別約為人民幣800,000元和84,000元租賃協議，該協議自二零一六年八月九日起有效期三年。詳情載於公司二零一六年八月九日發佈的公告。截至二零一七年六月三十日止，約人民幣5,300,000(二零一六年六月三十日止六個月：約人民幣7,277,000)已計入綜合損益表和其他綜合收益中。



## 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 2017

截至二零一七年六月三十日止六個月

### 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:

### 17. 關連方交易 (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：

		Six months ended 30 June 截至六月三十日止六個月	
		2017 二零一七年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2016 二零一六年 RMB'000 人民幣千元 (Unaudited) (未經審核)
Short-term employee benefits	短期僱員福利	1,077	1,065
Contribution to defined contribution retirement plans	定期供款退休福利計劃 供款	66	76
		<b>1,143</b>	<b>1,141</b>

### 18. Commitments

### 18. 資本承擔

		30 June 2017 二零一七年 六月三十日 RMB'000 人民幣千元 (Unaudited) (未經審核)	31 December 2016 二零一六年 十二月三十一日 RMB'000 人民幣千元 (Audited) (經審核)
Capital commitments for acquisition of property, plant and equipment contracted for but not provided for in the condensed consolidated financial statements	已簽約但並無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	2,406	2,406

## 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 2017  
截至二零一七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 are defamatory to the Group and/or amount to malicious falsehood. Therefore, the Group commenced legal proceedings in the High Court of Hong Kong in October 2010 against the media company seeking, inter alia, damages and an injunction to restrain the media company from publishing such contents or similar contents. The trial of the legal proceedings has been completed on 29 August 2015. On 23 May 2016, the Group received the final judgment handed down by the Court of First Instance of the High Court of Hong Kong in respect of the legal proceedings and the Group won the Legal Proceedings. According to the final judgment the media company was ordered by the High Court of Hong Kong to pay the Group, general damages for libel in an aggregate amount of approximately HK\$3,005,000 (the “**Damages**”). The High Court of Hong Kong also made a costs order nisi that Next Magazine should pay to the Group 80% of the legal costs of the Company and Bawang Guangzhou in respect of the Legal Proceedings (the “**Costs**”). On 16 December 2016, the Court of First Instance made an order by consent of the parties that in lieu of taxation of the costs of the action, the Defendant do pay the Plaintiffs the sum of HK\$18,000,000 (inclusive of interest and the cost of taxation) (equivalent of approximately RMB16,101,000) in full and final settlement of the Costs payable by the Defendant to the Plaintiffs in the action pursuant to the above. The Damages was received by the Group during the year ended 31 December 2016. On 25 January 2017, the Group received the Costs of HK\$18,000,000 (equivalent to RMB16,101,000).

The Damages and the Costs have been recognised as other income for the year ended 31 December 2016.

### 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二零一六年十二月三十一日年度被確認為其他收入。

## Notes to the Condensed Consolidated Financial Statements (Continued) 簡明綜合財務報表附註(續)

For the six months ended 30 June 2017

截至二零一七年六月三十日止六個月

### 19. Litigation (Continued)

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

On 20 June 2014, Shanghai No. 1 Intermediate People’s Court gave its final ruling that Bawang Beverage was liable to the former subcontractor for an amount of approximately RMB643,000 and a legal cost of approximately RMB19,000. Accordingly, provision for litigation in amount of approximately RMB662,000 was recognised as other expense in the consolidated statement of profit or loss and amount of approximately RMB324,000 was settled during the year ended 31 December 2014. During the year ended 31 December 2016, the six months ended 2017 and up to the date of this report, 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(中國)飲料有限公司(「**霸王飲料**」)之間的原料加工合同糾紛向霸王飲料提起訴訟。於二零一三年，霸王飲料收到了上海法院的民事判決書，上海法院受理了前分銷商的訴前財產保全申請，凍結了霸王飲料銀行賬戶約人民幣873,000元或霸王飲料名下的其他資產。在此訴訟中，霸王飲料其中一個銀行賬戶被凍結了約人民幣309,000元。於二零一三年十二月三十一日，根據中華人民共和國代表霸王飲料的法律顧問提供的意見，本集團尚未對此計提任何準備。

上海第一中級人民法院於二零一四年六月二十日作出最終裁決，霸王飲料須向前分銷商支付約人民幣643,000元的賠償金和約人民幣19,000元的訴訟費。此外，訴訟準備合計約人民幣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。截至二零一六年十二月一日，二零一七年六個月止及直至本報告發佈之日，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 2017  
截至二零一七年六月三十日止六個月

### 19. Litigation (Continued)

- (c) During the year ended 31 December 2014, a lawsuit was filed by Bawang Guangzhou against a supplier in District Court for the incomplete construction and unsatisfactory performance of plant and machineries provided by the supplier. On 2 February 2015, the District Court issued a verdict for the lawsuit whereby (i) the purchase contracts for the plant and machineries were terminated; (ii) the supplier should pay Bawang Guangzhou a sum of approximately RMB22,518,000 representing purchase cost paid and liquidated damages in addition to interest; and (iii) the plant and machineries concerned should be dismantled and removed from the factory of Bawang Guangzhou.

During the year ended 31 December 2015, Bawang Guangzhou applied for an injunction against the supplier in District Court to execute the court order handed down in 2014. On 14 October 2016, the Group received approximately RMB170,000 from the supplier through the execution by the court and the above amount has been recognised as other income for the year ended 31 December 2016. Upon further negotiation with the supplier, Bawang Guangzhou is willing to settle the case outside the court. During the year ended 31 December 2016, the six months ended 30 June 2017 and up to the date of this report, no agreement has been signed and no settlement has been received from the supplier except the above amount.

- (d) During the year ended 31 December 2015, a lawsuit was filed by a total of 14 former employees against Bawang Guangzhou in the District Court in respect of termination compensation for a total sum of approximately RMB2,891,000 representing related severance payments, salaries and social insurance expenses. Provision of litigation in the amount of RMB500,000 was recognised as administrative expenses in the consolidated statement of profit or loss for the year ended 31 December 2015.

### 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。

截至二零一五年十二月三十一日止年度，霸王廣州向地方法院申請向該供應商執行二零一四年作出的法院判決。於二零一六年十月十四日，本集團通過法院執行程序從某供應商獲得執行收到大約人民幣170,000元並且上述金額已於二零一六年十二月三十一日止年度確認為其他收入。與供應商進一步談判，霸王廣州願意接受庭外和解。於二零一六年十二月三十一日止期間，二零一七年六月三十日止六個月及直至本報告日，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。

- (d) 截至二零一五年十二月三十一日止年度，十四名公司前任僱員在地區法院訴請霸王廣州違法解除勞動合同賠償金、工資和社保費用約人民幣2,891,000元。於二零一五年十二月三十一日確認了人民幣500,000元的訴訟準備計入綜合損益表的行政費用中。

## 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 2017

截至二零一七年六月三十日止六個月

### 19. Litigation (Continued)

(d) (Continued)

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. During the six months ended 30 June 2017, the Court handed down 11 out of 12 employees that the Group was liable to them for a sum of approximately RMB736,000. The Group has been settled the sum for the period ended 30 June 2017.

For the remaining two employees, the court handed down the judgment for one of them that the Group was liable to the former employee for a sum of approximately RMB208,000 and the appeal by the Group was rejected by the court. For the other one, the court handed down the judgment that the Group was liable to the former employee for a sum of approximately RMB45,000 and the Group lodged an appeal against the decision. On 8 March 2017, the appeal by the Group was rejected by the court. The Group has been settled the sum for the period ended 30 June 2017.

(e) During the year ended 31 December 2015, a lawsuit was filed by a former employee against Bawang Guangzhou in the District Court in respect of termination compensation. On 8 October 2015, the District Court gave its first ruling that Bawang Guangzhou was liable to the former employee for a sum of approximately RMB149,000 representing related severance payments and salaries. Both the plaintiff and Bawang Guangzhou lodged an appeal against the decision. As no hearing had been fixed for the appeal then, a provision of litigation in the amount of approximately RMB149,000 was recognised as administrative expenses in the consolidated statement of profit or loss.

### 19. 法律訴訟(續)

(d) (續)

截至二零一六年十二月三十一日止年度，地區法院對14名僱員中的12名作出了判決，本集團應付前任僱員約人民幣652,000元。本集團向中級法院對12名僱員中的9人判決提出上訴，另有3名僱員向中級法院的判決提出上訴。截至二零一七年六月三十日止六個月期間，地區法院對12名僱員中的11名作出了判決，本集團應付前任僱員約人民幣736,000元。本集團於二零一七年六月三十日止六個月期間已全額結清。

至於其他兩名僱員，法院對其中一人作出了判決，本集團應付前任僱員約人民幣208,000元，本集團上訴被法院駁回。對於另一人，法院判定本集團應付前任僱員約人民幣45,000元，本集團對該判決提出上訴。二零一七年三月八日，本集團的上訴被法院駁回。本集團於二零一七年六月三十日止六個月期間已全額結清。

(e) 截至二零一五年十二月三十一日止年度，一名公司前任僱員在地區法院訴請霸王廣州終止賠償。於二零一五年十月八日，地區法院作出一審判決，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綜合損益表的行政費用中。



## 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 2017  
截至二零一七年六月三十日止六個月

### 19. Litigation (Continued)

- (e) (Continued)  
During the year ended 31 December 2016, the Intermediate Court handed down the judgment that the Group was liable to the former employee for a sum of approximately RMB167,000 representing related severance payments and salaries and the Group settled the amount during the year. Accordingly, additional provision of approximately RMB18,000 was recognised as administrative expenses in the consolidated statement of profit or loss for the year ended 31 December 2016.

The Group has fully settled the sum during the six months ended 30 June 2017.

- (f) During the year ended 31 December 2015, a total of 3 lawsuits were filed by the same supplier against Bawang Guangzhou in the District Court and Guangzhou Arbitration Commission for a total sum of approximately RMB1,810,000 and RMB859,000 respectively, representing outstanding retention fees and construction fees. Accordingly, provision of litigation in the amount of approximately RMB2,669,000 was recognised as administrative expenses in the consolidated statement of profit or loss based on the opinion provided by the PRC legal counsel acting on behalf of Bawang Guangzhou.

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

### 19. 法律訴訟(續)

- (e) (續)  
截至二零一六年十二月三十一日止年度，中級法院作出判決，本集團應付前任僱員約人民幣167,000元的遣散費和薪金，並且集團應於年內結清金額。因此，截至二零一六年十二月三十一日止年度的合併利潤表中，追加計提約人民幣18,000元確認為行政費用。

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。

- (f) 截至二零一五年十二月三十一日止年度，一個供應商分別在地區法院和廣州市仲裁委員會向霸王廣州提起總共三項訴訟，要求支付金額分別為約人民幣1,810,000元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元已於綜合損益表中確認為行政費用。

## 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 2017

截至二零一七年六月三十日止六個月

### 19. Litigation (Continued)

- (f) (Continued)  
The Group has settled approximately RMB1,750,000 during the year ended 31 December 2016 and the remaining provision of approximately RMB1,034,000 has been settled during 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.

- (h) During the six months ended 30 June 2017, a lawsuit was filed by a publicly known athlete against Bawang Guangzhou in the Court for the infringement of portrait rights for the business purpose. The athlete requested for the total sum RMB410,000 representing economic loss compensation. After negotiation, Bawang Guangzhou and the athlete are willing to settle the case outside the court. According to the negotiation, Bawang Guangzhou should paid a sum RMB40,000 to the athlete. Accordingly, provision for litigation in amount of RMB40,000 was recognised as administrative expense in the condensed consolidated statement of profit or loss.

### 19. 法律訴訟(續)

- (f) (續)  
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撤銷訴訟。

- (h) 截至二零一七年六月三十日止六個月期間，一名公眾知名的運動員在廣州法院以霸王廣州以商業目的侵犯其肖像權向法院起訴。該運動員要求總額為人民幣410,000元的經濟損失賠償金。通過協商，霸王廣州與運動員願意庭外和解。根據協商，霸王廣州應付運動員人民幣40,000元。因此，金額為人民幣40,000元的訴訟準備被確認為簡明綜合損益表中的行政費用。

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