



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

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

Stock Code: 01338  
股票代碼: 01338



## Annual Report 2018 2018 年年報

\* for identification purposes only  
僅供識別

# CONTENTS 目錄

|            |   |              |
|------------|---|--------------|
| <b>2</b>   | Financial Highlights  | 財務摘要         |
| <b>4</b>   | Corporate Information   | 公司資料         |
| <b>7</b>   | Chairman's Statement  | 主席報告書        |
| <b>9</b>   | Management Discussion and Analysis                                      | 管理層討論及分析     |
| <b>28</b>  | Corporate Governance Report   | 企業管治報告       |
| <b>42</b>  | Report of the Directors   | 董事會報告        |
| <b>60</b>  | Directors and Senior Management   | 董事及高層管理人員    |
| <b>65</b>  | Independent Auditor's Report  | 獨立核數師報告      |
| <b>72</b>  | Consolidated Statement of Profit or Loss and Other Comprehensive Income | 綜合損益及其他全面收益表 |
| <b>73</b>  | Consolidated Statement of Financial Position                            | 綜合財務狀況表      |
| <b>75</b>  | Consolidated Statement of Changes in Equity                             | 綜合權益變動表      |
| <b>76</b>  | Consolidated Statement of Cash Flows                                    | 綜合現金流量表      |
| <b>78</b>  | Notes to the Consolidated Financial Statements                          | 綜合財務報表附註     |
| <b>180</b> | Five Years Summary  | 五年財務概要       |

# Financial Highlights

## 財務摘要

RMB'000  
人民幣千元

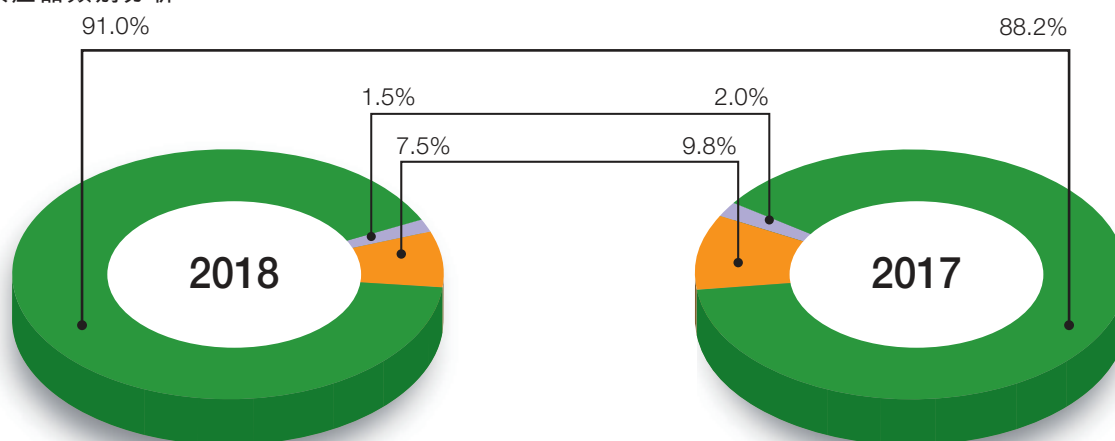
2018  
二零一八年

2017  
二零一七年

|  |                        |           |           |
|--|------------------------|-----------|-----------|
| Revenue  | 營業額                    | 293,922   | 264,215   |
| Cost of sales  | 銷售成本                   | (156,425) | (136,902) |
| Gross profit   | 毛利                     | 137,497   | 127,313   |
| Selling & distribution costs                                     | 銷售及分銷開支                | (113,360) | (93,726)  |
| Administrative expenses  | 行政費用                   | (25,838)  | (27,866)  |
| (Loss)/profit from operations                                    | 營運(虧損)/利潤              | (820)     | 19,726    |
| Taxation   | 稅項                     | —         | (4)       |
| (Loss)/profit for the year attributable to owners of the Company | 本公司擁有人應佔之年內(虧損)/利潤     | (1,196)   | 19,227    |
| Gross margin   | 毛利率                    | 46.8%     | 48.2%     |
| Net (loss)/profit ratio  | 淨(虧損)/利潤率              | (0.4%)    | 7.3%      |
| <b>(Loss)/earnings per share (RMB cents)</b>                     | <b>每股(虧損)/盈利(人民幣仙)</b> |           |           |
| Basic  | 基本                     | (0.0378)  | 0.6081    |
| Diluted  | 攤薄                     | (0.0378)  | 0.6080    |

### Revenue by Product Category

收入按產品類別分析



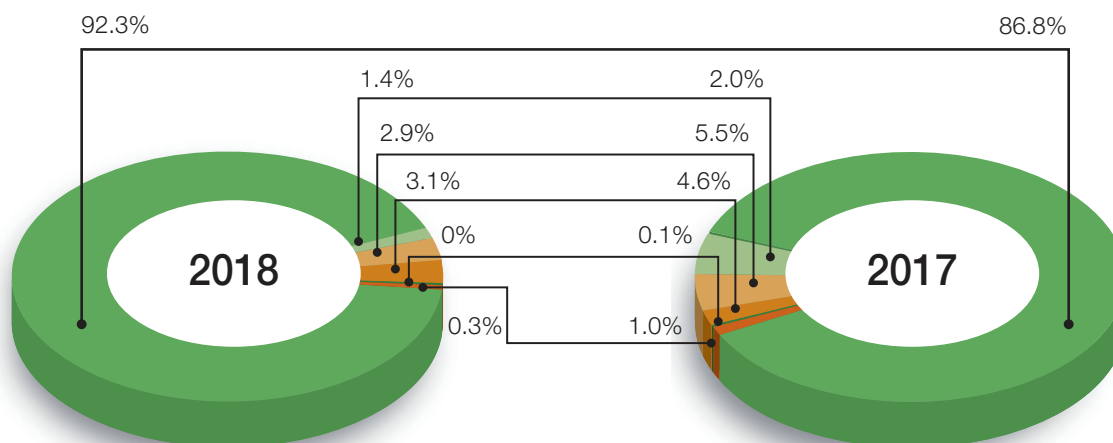
| (RMB'000)<br>(人民幣千元)                                    | 2018<br>二零一八年 | 2017<br>二零一七年 |
|---|---------------|---------------|
| Shampoo & hair-care products<br>洗髮護髮產品                  | 267,398       | 233,067       |
| Skincare products<br>護膚產品                               | 4,355         | 5,197         |
| Other household & personal care products<br>其他家用及個人護理產品 | 22,169        | 25,951        |
| Total<br>合計   | 293,922       | 264,215       |

## Financial Highlights (Continued)

### 財務摘要(續)

#### Revenue by Brand Category

收入按品牌類別分析



| RMB'000<br>人民幣千元   | 2018<br>二零一八年 | 2017<br>二零一七年 |
|--------------------|---------------|---------------|
| Bawang<br>霸王       | 271,200       | 229,364       |
| Royal Wind<br>追風   | 8,529         | 14,748        |
| Herborn<br>本草堂     | 4,202         | 5,192         |
| Litao<br>麗濤        | 8,983         | 12,334        |
| Little King<br>小霸王 | 1,008         | 2,572         |
| Others<br>其他       | 0             | 5             |
| Total<br>合計        | 293,922       | 264,215       |



# Corporate Information

## 公司資料

### Directors

#### Executive Directors

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

#### Independent non-executive Directors

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

### Audit and Risk Management Committee

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

### Remuneration Committee

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

### Nomination Committee

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

### Company Secretary

WONG Sin Yung CPA

### 董事

#### 執行董事

陳啟源(主席)  
陳正鶴(首席執行官)  
黃善裕 CPA

#### 獨立非執行董事

魏偉峰博士 PhD, CPA, FCCA, FCIS, FCS (P.E.)  
張建榮 FCA, CPA  
王琦博士(於二零一八年四月十七日  
獲委任)

### 審核及風險管理委員會

魏偉峰博士 PhD, CPA, FCCA, FCIS, FCS (P.E.) (主席)  
張建榮 FCA, CPA  
王琦博士(於二零一八年四月十七日  
獲委任)

### 薪酬委員會

張建榮 FCA, CPA (主席)  
(於二零一八年二月十四日獲委任)  
魏偉峰博士 PhD, CPA, FCCA, FCIS, FCS (P.E.)  
陳正鶴

### 提名委員會

陳啟源(主席)  
魏偉峰博士 PhD, CPA, FCCA, FCIS, FCS (P.E.)  
張建榮 FCA, CPA  
(於二零一八年二月十四日獲委任)

### 公司秘書

黃善裕 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  
黃善榕 *CPA*

#### Registered office

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

#### 註冊辦事處

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

#### Principal place of business in the PRC

468 Guanghua 3rd Road  
Bawang Industrial Complex  
Baiyun District  
Guangzhou  
510450  
PRC

#### 中國主要營業地點

中國  
廣州  
白雲區  
廣花三路468號  
霸王工業園  
郵編：510450

#### 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  
2103B, 21/F., 148 Electric Road  
North Point  
Hong Kong

#### 香港證券登記處

寶德隆證券登記有限公司  
香港  
北角  
電氣道148號21樓2103B室



## 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

#### Auditors

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

#### Legal advisor on Hong Kong law

Fangda Partners  
26th Floor, 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  
510180  
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

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：510180

# Chairman's Statement

## 主席報告書

### Dear shareholders of the Company,

On behalf of the board (the **"Board"**) of directors of BaWang International (Group) Holding Limited (the **"Company"**), I present the audited annual results of the Company and its subsidiaries (collectively, the **"Group"**) for the year ended 31 December 2018.

The Board is pleased to report that the total revenue of the Group for the year ended 31 December 2018 was approximately RMB293.9 million, representing an increase of approximately 11.2% from approximately RMB264.2 million for 2017. Revenue from the online sales channel was approximately RMB160.4 million, representing a notable increase of 54.2% from approximately RMB104.0 million for 2017. The operating loss of the Group for the year ended 31 December 2018 was approximately RMB0.8 million as compared with an operating profit of approximately RMB19.7 million in 2017.

For the year ended 31 December 2018, the net loss of the Group was approximately RMB1.2 million, as compared with a net profit of approximately RMB19.2 million in 2017.

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

### 各位尊敬的本公司之股東：

本人僅代表霸王國際(集團)控股有限公司(「本公司」)之董事會(「董事會」)，向全體股東呈報本公司及其附屬公司(統稱「本集團」)截至二零一八年十二月三十一日止年度的經審核年度業績。

董事會欣然報告本集團截至二零一八年十二月三十一日止年度的總營業額約為人民幣293.9百萬元，較二零一七年同期約人民幣264.2百萬元增加了約11.2%。電商渠道的營業額約人民幣160.4百萬元，較二零一七年同期的約人民幣104.0百萬元顯著增長了約54.2%。本集團截至二零一八年十二月三十一日止年度錄得經營虧損約人民幣0.8百萬元，而二零一七年同期經營利潤約人民幣19.7百萬元。

本集團截至二零一八年十二月三十一日止年度錄得淨虧損約為人民幣1.2百萬元，而二零一七年同期錄得淨利潤約人民幣19.2百萬元。


關於本集團經營業績詳細資料，請參閱本年度報告內「財務回顧」部分。







## Chairman's Statement (Continued)



### 主席報告書(續)

During the year under review, the Group continued to operate under the value-chain-oriented business model, which enabled the Group to control the cost of sales and operating costs at a sustainable level for the year ended 31 December 2018.

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

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

**CHEN Qiyuan**

*Chairman*

Hong Kong, 28 March 2019

於回顧年度內，本集團繼續執行以成本控制價值鏈為導向的業務模式使得截止二零一八年十二月三十一日的銷售成本和營運成本維持在可持續水平。

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

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

**陳啟源**

*主席*

香港，二零一九年三月二十八日

# Management Discussion and Analysis

## 管理層討論及分析

### Business Review

During the year under review, to enhance the sales of various branded products, the Group carried out over 30 sales promotional activities in the first half of 2018 known as “Nuclear Explosion” specifically for the points of sales in 31 cities. During these sales activities, extensive in-store promotional and publicity banners and posters were hoisted to attract the customers’ attention. Additional sales promoters were deployed to explain to the customers on the benefits of doing hair care through traditional Chinese medicine.

In April 2018, the Group selected a popular creative singer, Mr Mao Buyi, as our image and brand ambassador for Bawang branded shampoo and hair care products. We made full use of the image of the new brand ambassador to attract consumers attention via television advertisements, and advertisements posted at public transports, bus stops, residential lifts and the points of sales. During the year under review, we were ranked one of the top 10 hair care brands in China with a leading position in the anti-hair fall product category in the online sales channel. We believe that the marketing strategy for appointment of brand ambassador to act as key opinion leader on internet has made an impact in the development of our online sales channel.

### 業務回顧

於回顧年度內，為了促進各品牌產品的銷售，本集團於二零一八年上半年在31個城市的傳統賣場本集團展開了累計超過30場的「核爆」促銷活動。在這些銷售活動中，本集團開展了大量的店內促銷活動，並懸掛了大量的店內宣傳橫幅和海報，以吸引顧客的注意。此外，我們會安排更多的銷售人員，向顧客講解中草藥護髮的好處。

於二零一八年四月，本集團聘請了當紅創作型歌手毛不易為霸王洗護產品的品牌形象代言人。我們充分利用新的品牌形象代言人形象來吸引顧客的注意力，通過在電視、城市地鐵、公交站、樓宇電梯內和賣場內投放廣告，也通過他的歌迷群體在網絡及社交平台上推廣霸王品牌。於回顧年度內，我們是排名前十的護髮品牌之一，在防脫發產品類別的電商渠道中處於領先地位。我們相信，聘請品牌代言人擔任互聯網關鍵意見領袖的營銷策略對我們電商渠道的發展產生了影響。



## Management Discussion and Analysis (Continued)

### 管理層討論及分析(續)



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

During the year under review, we reviewed and re-structured the Little King product series, which were mainly sold through the mother and child channel alongside with Bawang ladies' anti-hair fall hair care products.

As at 31 December 2018, the Bawang brand distribution network comprised approximately 753 distributors and 9 KA retailers, covering 27 provinces and four municipalities in China. Furthermore, the Bawang branded products were also sold in Hong Kong, Singapore, Thailand and Malaysia.

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

於回顧年度內，我們回顧並重組了小霸王系列產品，主要通過母嬰渠道與霸王女士防脫產品一起銷售。

截至二零一八年十二月三十一日，霸王品牌分銷網絡包括大概753個分銷商及9個重點零售商，覆蓋中國27個省份及四個直轄市。此外，該等產品亦已在香港、新加坡、泰國及馬來西亞銷售。

## Management Discussion and Analysis (Continued)

### 管理層討論及分析(續)



During the year under review, the Group continued to adopt the marketing theme “Let’s chase for the wind rather than wait for the wind” to promote new Royal Wind branded shampoo products primarily for the online sales channel. As at 31 December 2018, the Royal Wind brand distribution network comprised approximately 209 distributors and 9 KA retailers, covering 27 provinces and four municipalities in China.

The Litao products mainly comprise shower gels and laundry detergents, which target consumers living in the second-tier or third-tier cities in China. The Group’s goal is to maintain the market coverage in the traditional channel. As at 31 December 2018, the Litao products distribution network comprised approximately 94 distributors and two KA retailers, covering 27 provinces and four municipalities in China.

The Herborn Chinese herbal skincare product series targets white-collar ladies in the age range from 25 to 45 who have relatively high net incomes and who are dedicated to pursue a healthy and natural lifestyle. We sold the products through our online sales channel and staff or group purchase.

The Group has established 16 online retailing platforms in China for our Bawang, Royal Wind and Herborn branded products, of which two were established during the year.

於回顧年度內，本集團繼續採用營銷主題為「等風來不如追風去」去推廣追風新系列產品，主供電商平台。截至二零一八年十二月三十一日，追風品牌分銷網絡包括大概209個分銷商及9個重點零售商，覆蓋中國27個省份及四個直轄市。

麗濤產品主要由沐浴露和洗衣液組成，以中國二三線城市的消費者為目標客戶群體。本集團的目標是保持產品在傳統渠道的市場覆蓋。截至二零一八年十二月三十一日，麗濤品牌分銷網絡包括大概94個分銷商及兩個重點零售商，覆蓋中國27個省份及四個直轄市。

本集團的中草藥護膚產品一本草堂，其目標客戶群體是擁有相對較高的收入、熱衷追求健康自然的生活方式、年齡介於25歲至45歲的白領女性。我們通過電商渠道和員工購買及團購的方式銷售該產品。

本集團已在國內16個線上零售平台建立電商旗艦店銷售霸王、追風和本草堂品牌產品，其中兩家於回顧年度內建立。

## Management Discussion and Analysis (Continued)

### 管理層討論及分析(續)

For the year under review, we obtained and/or renewed and/or possessed the certificates and/or recognitions as follows:

於回顧年度內，我們獲得或延續或持有以下的證書或認證：



- a patent of an ingredient mixture for an anti-hair fall Chinese herbal shampoo and its manufacturing know-how, which was issued by the State Intellectual Property Office of China in June 2018;
- three Bawang branded series shampoos were again recognised as “The 2018 New High-Tech Products in Guangdong” by the Guangdong Provincial Science and Technology Bureau in December 2018 for a period of three years until the end of 2021;
- our Chinese herbal skincare series shampoo and hair care products and shower gel products have been recognised as “New Hi-tech Products of Guangdong Province” (廣東省高新技術產品) by the Guangdong Provincial New Hi-tech Enterprise Association for a period of three years until the end of 2020;
- the permit for production of cosmetic products, which was issued by Guangdong Provincial Food and Drug Administration, is valid until May 2021;
- 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;
- 於二零一八年六月，我們獲得了一項由國家知識產權局頒發的「一種防脫髮中藥組合物、洗髮水及其製備方法」的發明專利證書；
- 霸王品牌三大系列產品重新被廣東省科技技術廳認定為「2018年廣東省高新技術產品」，有效期為三年即截至二零二一年底；
- 我們的中草藥養髮護髮系列洗髮液產品及護膚系列沐浴露均獲廣東省高新技術企業協會評為「廣東省高新技術產品」，有效期為三年至二零二零年底；
- 廣東省食品藥品監督管理局頒發的化妝品生產許可證書，有效期截至二零二一年五月；
- 我們護髮護膚產品的生產流程通過了SGS機構的評估，獲得美國食品安全營養中心有關化妝品良好生產規範(GMP)2008的認證，有效期截至二零一九年七月；

## Management Discussion and Analysis (Continued)

### 管理層討論及分析(續)

- 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;
- Bawang online flagship store was awarded “The 2018 Store Growth Prize (2018年度店鋪成長獎)” by JD.com (京東超市);
- the Group was awarded the “The 2018 Innovative Marketing Enterprise of China’s Trendy Industry Award” by Xixi News (信息時報); and
- our marketing and publicity animation series “Herbal Fairytale” was awarded “The 2018 Entertainable IP Marketing 5S Golden Prize” by the Advertiser Magazine.
- 我們護髮護膚產品的生產流程通過了SGS機構評估，獲得國際標準組織化妝品生產操作指南ISO22716：2007有關化妝品良好生產規範(GMP)認證，有效期截至二零一九年七月；
- 我們的霸王旗艦店獲京東超市頒發的2018年度店鋪成長獎；
- 本集團獲信息時報頒發的2018年度中國時尚產業創新營銷企業獎；和
- 我們的營銷宣傳動漫系列「藥精奇緣」被《廣告主》雜誌授予「2018年度娛樂IP營銷大獎5S金獎」。





## Management Discussion and Analysis (Continued)

### 管理層討論及分析(續)

#### Key Risks and Uncertainties

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

##### 1. Risks Relating to Our Industry

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

##### 2. Credit Risks Relating to Customers

Exposure to bad debts attributable to customers usually intensifies following a weak economic performance. To minimize credit risks, the management of the Group has appointed dedicated staff members to handle procedures for determining credit limits, credit approval and other monitoring procedures, to ensure that follow-up actions with all receivables are taken in a timely manner. In addition, the Group reviews the collectibility of receivables at the end of a reporting period, to ensure that sufficient impairment losses are provided for in respect of uncollectible monies. For the year ended 31 December 2018, no bad debts were recorded by the Group.

##### 3. Liquidity Risks

In managing liquidity risks, the Group monitors and maintains cash and cash equivalents at a level which is considered by the management as sufficient, to satisfy the needs arising from the Group's operations and to mitigate the effect of fluctuations of cash flow. The Group's management will continue to closely monitor the use of cash.

#### 主要風險及不明朗因素

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

##### 1. 行業風險

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

##### 2. 客戶的信貸風險

隨著經濟疲弱，客戶壞賬風險相對增加。為減低信貸風險，本集團管理層已委派特定人員負責釐定信貸限額、信貸審批及其他監控程序，以確保及時跟進所有應收賬款。此外，本集團會於報告期末已檢討債項之可收回款額，以確保就不可收回款額作出足夠之減值虧損。截至二零一八年十二月三十一日止年度，本集團並沒有錄得壞賬。

##### 3. 流動資金風險

管理流動資金風險時，本集團會監察及保持管理層視為足夠水平之現金及現金等值項目，以撥付本集團營運所需及減低現金流量波動之影響。本集團之管理層將繼續密切監察現金之使用情況。

## Management Discussion and Analysis (Continued)

### 管理層討論及分析(續)

#### 4. Currency Risks

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

#### Environmental Protection

The Group is responsible for its impact to the environment arising from its business operations. During the year under review, the Group strictly complied with the local environmental regulations of the PRC. The production of household and personal care products belongs to the light industry, thus no pollutants are involved during the manufacturing process and adverse impact to the surrounding environment is minimal. The Group has been investing and implementing various energy conservation projects in recent years, in which overall power consumption has drastically reduced.

#### Business Compliance

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

#### Relationship with Employees, Customers and Suppliers

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

#### 4. 貨幣風險

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

#### 環境保護

本集團須為業務經營對環境的影響承擔責任。於回顧年度內，本集團緊守中國當地的環保法規。家庭及個人護理產品生產是屬輕工業，所以沒有污染物質牽涉在生產過程中及對周邊環境造成不良的影響機會很低。本集團近年亦投資及實施多項節能項目，用電量大幅度減低。

#### 業務合規

於回顧年度內，本集團已遵守對本集團有重大影響之相關法律及法規。

#### 與僱員、顧客和供應商的關係

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





## Management Discussion and Analysis (Continued)

### 管理層討論及分析(續)

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

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

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

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

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

本集團與供應商關係良好，每年對供應商進行公平及嚴格的審核。

## Financial Review

### Revenue

During the year under review, the Group's revenue from operations amounted to approximately RMB293.9 million, representing an increase of approximately 11.2% from approximately RMB264.2 million for 2017. The revenue through the online sales channel had a notable increase of approximately 54.2% as compared with 2017, but such increase was partially offset by the decrease in the aggregate revenue generated from the traditional sales channels.

The Group's core brand, Bawang, generated approximately RMB271.2 million in revenue, which accounted for approximately 92.3% of the Group's total revenue by product category in 2018, and represented an increase of approximately 18.2% as compared with 2017.

## 財務回顧

### 營業額

於回顧年度內，本集團營業額約為人民幣293.9百萬元，較二零一七年同期的人民幣264.2百萬元增加了約11.2%，電商渠道的營業額較二零一七年顯著上升了約54.2%，但該上升幅度被傳統渠道總銷售額的下降部份抵減。

本集團核心品牌一霸王，其營業額約人民幣271.2百萬元，約佔本集團二零一八年度按品牌分類營業額的92.3%，比二零一七年度上升了約18.2%。

## Management Discussion and Analysis (Continued)

### 管理層討論及分析(續)

The branded Chinese herbal anti-dandruff hair-care series, Royal Wind, generated approximately RMB8.5 million in revenue, which accounted for approximately 2.9% of the Group's total revenue by product category in 2018, and represented a decrease of approximately 42.2% as compared with 2017.

The natural-based branded shampoo, shower gel and laundry detergent products series, Litao, generated approximately RMB9.0 million in revenue, which accounted for approximately 3.1% of the Group's total revenue by product category in 2018, and represented a decrease of approximately 26.8% as compared with 2017.

The branded Chinese herbal skincare series, Herborn, generated approximately RMB4.2 million in revenue, which accounted for approximately 1.4% of the Group's total revenue by product category in 2018, and represented a decrease of approximately 19.2% as compared with 2017.

We also sold our products through extensive distribution and retail networks. During the year under review, sales to our distributors and retailers represented approximately 54.4% and approximately 45.6% of the Group's total revenue from operations respectively.

In 2018, our products were also sold in Hong Kong, Singapore, Thailand and Malaysia. The sales to these overseas markets accounted for approximately 2.4% of our total revenue in 2018.

### Cost of Sales

Cost of sales in 2018 amounted to approximately RMB156.4 million, representing an increase of approximately 14.2% compared with approximately RMB136.9 million in 2017. Such increase was mainly due to the increase in packaging materials consumed and manufacturing expenses, which was partially offset by a decrease in the costs of raw materials.

中草藥去屑護髮系列品牌一追風，其於二零一八年度之營業額約人民幣8.5百萬元，約佔本集團按品牌分類營業額的2.9%，比二零一七年度下降了約42.2%。

以純天然為基礎的洗髮水、沐浴露和洗衣液產品系列一麗濤，其營業額約人民幣9.0百萬元，約佔本集團二零一八年度經營按品牌分類營業額的3.1%，比二零一七年度下降了約26.8%。

中草藥護膚品牌一本草堂，其營業額約人民幣4.2百萬元，約佔本集團二零一八年度按品牌分類營業額的1.4%，比二零一七年度下降了約19.2%。

我們一般通過廣泛的分銷商和零售商網絡銷售我們的產品。於回顧年度內，我們通過分銷商和零售商的銷售額分別約佔本集團總營業額的約54.4%和45.6%。

於二零一八年度，我們的產品也在香港、新加坡、泰國和馬來西亞市場上銷售，中國大陸以外的海外市場的銷售額約佔本集團二零一八年度總營業額的約2.4%。

### 銷售成本

二零一八年度的銷售成本約人民幣156.4百萬元，相比二零一七年度約人民幣136.9百萬元上升了約14.2%。上升的主要原因是包裝材料成本及製造費用的上升，但是這個上升部份被原材料成本減少部份所抵減。



## Management Discussion and Analysis (Continued)

### 管理層討論及分析(續)

#### Gross Profit

During the year under review, the Group's gross profit increased to approximately RMB137.5 million, representing an increase of approximately 8.0% as compared with approximately RMB127.3 million for 2017. The gross profit margin decreased from approximately 48.2% for 2017 to approximately 46.8% for 2018. Such decrease was mainly attributable to the increase in cost of sales.

#### Other Income

During the year under review, other income decreased to RMB3.1 million, representing a decrease of 78.2% compared with RMB14.2 million in 2017. Such decrease was mainly due to the decrease in both government grants received and the write-back of provisions for trade receivables and payables.

#### Selling and Distribution Costs

Selling and distribution costs increased to approximately RMB113.4 million for 2018, representing an increase of approximately 21.0% as compared to that for 2017. Such increase was mainly due to the increase in promotion expenses through online sales platforms and the increase in logistics and delivery expenses that resulted from the notable increase in sales volume through the online sales channel, but such increase was partially offset by the decrease in outsourced labour costs, salaries and travelling expenses. As a percentage of revenue, our selling and distribution costs increased from approximately 35.5% in 2017 to 38.6% in 2018.

#### Administrative Expenses

Administrative expenses for 2018 amounted to approximately RMB25.8 million, representing a decrease of approximately 7.5% as compared with approximately RMB27.9 million in 2017. Such decrease was mainly due to the decreases in travelling expenses, entertainment expenses and net foreign exchange losses. As a percentage of revenue, our administration costs were approximately 8.8% and 10.5% in 2018 and 2017 respectively.

#### 毛利

於回顧年度內，本集團的毛利上升至約人民幣137.5百萬元，與二零一七年度約人民幣127.3百萬元相比上升了約8.0%。毛利率從二零一七年約48.2%下降至二零一八年約46.8%。毛利率下降的主要原因是銷售成本的增加。

#### 其他收入

在本年度，其他收入減少到人民幣3.1百萬元，較二零一七年的人民幣14.2百萬元下降了78.2%。其下降的主要原因是由於收到的政府補助金及貿易應收款項撥備兩者的減少。

#### 銷售及分銷開支

二零一八年度銷售及分銷開支增加至約人民幣113.4百萬元，較二零一七年度增加約21.0%。其上升的原因主要是通過電商銷售平臺的推廣費用的上升以及因電商銷售顯著上升引起物流配送費的上升，而這些方面費用的上升被勞務費、工資和差旅費用的減少部份所抵減。以佔收益的百分比計算，我們的銷售及分銷開支由二零一七年的約35.5%增加至二零一八年的約38.6%。

#### 行政費用

二零一八年度行政費用約為人民幣25.8百萬元，較二零一七年度同期的約人民幣27.9百萬元，下降了約7.5%。有關下降的原因是員工差旅費、業務招待費和財務匯兌損失的減少。以佔收益的百分比計算，我們二零一八年和二零一七年的行政費用分別約為8.8%和10.5%。

## Management Discussion and Analysis (Continued)

### 管理層討論及分析(續)

#### Recognition of Impairment Loss

During the year under review, the Group recognised an impairment loss of approximately RMB2.2 million in respect of trade receivables which was mainly attributable to by long aged trade debts due from traditional distributors and retailers.

#### Loss from Operations

The Group recorded an operating loss of approximately RMB1.2 million for 2018, as compared with an operating profit of approximately RMB19.7 million for 2017, which was mainly because of (1) increase from packaging materials consumed and manufacturing expenses, which resulted in an increase in cost of sales; (2) the investments into promotional activities to further develop the Group's online sales channel, which led to a substantial increase in promotion expenses and logistics costs arising from sales through this channel; (3) decrease in other income; and (4) the impairment of trade receivables.

#### Finance Costs

For the year ended 31 December 2018, interest on bank borrowings amounted to approximately RMB0.4 million (2017: RMB0.5 million).

#### Taxation

During the year ended 31 December 2018, there was no income tax expense for the Group (2017: RMB4,000).

#### Loss for the Year

As a result of the combined effect of the above mentioned factors, the Group recorded a loss of approximately RMB1.2 million for 2018, as compared with a profit of approximately RMB19.2 million for 2017.

#### Loss for the Year Attributable to Owners of the Company

As a result of the combined effect of the above factors, the Group recorded a loss attributable to owners of the Company of approximately RMB1.2 million for 2018, as compared with a profit attributable to owners of the Company of approximately RMB19.2 million for 2017.

#### 減值損失確認

在回顧年度內，本集團確認了貿易應收款項之減值損失約為人民幣2.2百萬元，這主要是由於傳統分銷商和零售商較長的應收賬齡引起的。

#### 經營虧損

於二零一八年，本集團錄得經營虧損約人民幣1.2百萬元，而去年同錄得經營利潤約人民幣19.7百萬元。其下降的主要原因是(1)銷售成本之包裝物耗用和製造費用的增加使得銷售成本的整體增加；(2)本集團投資於推廣活動以繼續發展其電商渠道，使得本集團產生的促銷費用及物流成本大幅度增加；(3)其他收入的減少；及(4)貿易應收款項減值的確認。

#### 融資成本

截至二零一八年十二月三十一日止年度，來自銀行借款的利息約為人民幣0.4百萬元(二零一七年：人民幣0.5百萬元)。

#### 稅項

截至二零一八年十二月三十一日，本集團無錄得所得稅(二零一七年：人民幣4千元)。

#### 年內虧損

綜合以上列報的因素，二零一八年度本集團錄得虧損約人民幣1.2百萬元，而二零一七年度同期錄得經營利潤約人民幣19.2百萬元。

#### 本公司擁有人應佔年內虧損

因上述因素的綜合影響，本集團二零一八年度錄得本公司擁有人應佔虧損約人民幣1.2百萬元，而二零一七年度錄得本公司擁有人應佔利潤約人民幣19.2百萬元。



## Management Discussion and Analysis (Continued)

### 管理層討論及分析(續)

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

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

#### Events After the Reporting Period

The Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 31 December 2018 and up to the date of this report.

#### Outlook

The International Monetary Fund (“IMF”) projected China's gross domestic product (“GDP”) growth to stand at 6.2% for 2019. Domestic demand was also estimated to remain robust, aided by policies to boost consumption in 2019. However, industrial production and new export orders have moderated, asset prices have experienced downward pressure and sovereign bond spreads have risen amid trade tensions. Prices of newly constructed residential buildings have rebounded, including in first-tier cities following a period of correction.

The actual China's year-on-year GDP growth reached 6.6% in 2018, which is in line with its growth target. An economist from Beijing stated that with the magnitude and size of the GDP at present, this kind of rate is already very impressive. So, it is extremely important for China to maintain GDP growth to be above six percent through continuous reform, opening-up of its market and trade with more countries.

IMF indicated at an economic forum that the world economy is growing more slowly than expected, risks are rising and the expansion seen in recent years is losing momentum, which calls for policymakers to collaborate to address global risks. To counterbalance the loss of momentum of the world economy which may be triggered by the trade tension between China and the US, an economist is of the view that China should continue its reform and opening-up and continue to support the world economy.

The Directors tend to be cautious about the future of Chinese economy when formulating the business strategy of the Group.

#### 購入、出售或贖回本公司之上市證券

於回顧年度，本公司及其任何附屬公司並無購入、出售或贖回本公司之任何上市證券。

#### 報告期後事項

截至本報告發佈之日，董事們並未知曉任何2018年12月31日之後發生的需要披露的重大事件。

#### 展望

國際貨幣基金組織預計中國在二零一九年的國內生產總值(「GDP」)增長率為6.2%。在二零一九年消費刺激政策下，預計國內需求仍將保持強勁勢頭。然而，工業生產和新出口訂單放緩，在資產價格經歷了下行壓力和貿易緊張下主權債券息差的上升。新建住宅價格在經歷一段時間的調整後出現反彈，其中包括經調整後的一線城市。

二零一九年中國GDP同比增長達到了6.6%，符合預期增長目標。一位來自北京的經濟學家表示，以目前的GDP規模和規模相比，這種增長速度已經非常顯著。因此，隨著改革開放的不斷深入，以及與更多國家的快速貿易往來，中國保持6%以上的GDP增長是極其重要的。

國際貨幣基金組織在一次經濟論壇上表示，世界經濟增長速度低於預期，風險正在上升且近年來的增長勢頭正在減弱，這要求政策制定者合作應對全球風險。為了平衡中美貿易緊張可能引發喪失的世界經濟動力，一位經濟學家認為，中國應該繼續改革和開放，繼續支持世界經濟。

在制定集團的業務戰略時，董事們傾向於對中國經濟的未來持謹慎態度。

## Management Discussion and Analysis (Continued)

### 管理層討論及分析(續)

The corporate theme for 2019 is “To stress on execution of plans, the paramount objective is to sell”.

For Bawang branded product series, the Group will strengthen its marketing and product strategies to develop the segment of the younger generation, particularly for anti-hair fall products. Apart from designing trendy and colourful bundled products with lively promotional and publicity materials to attract the young customers, the Group will develop a new animated character series for launch through smart phones APPs to create a younger brand image. We will give out tailor-made freebies which appeal to young customers. Through Internet and social media, the Group will make use of popular webhosts as key opinion leaders to communicate the concept of doing haircare through traditional Chinese medicine so as to educate young customers on the importance of taking precautionary steps for anti-hair fall while they are young. We intend to develop the university students market segment. To communicate the Bawang brand concepts to them, to enhance their brand awareness and to arouse their interest in our branded products, we plan to give out prizes in advertising arts for creative brand building for the university students in China. We will also create key visual graphic publicity materials which serve to positively reinforce the customers' memory and recognition of our brands.

For Royal Wind branded product series, the Group has always promoted its brand image to cater for the trendy lifestyle of young customers. The Group will re-design and re-package new hair care products and fragrance shower gels for sales through the exclusive zones inside the contracted supermarkets.

For conventional channels, the Group will take a cautious approach to invest in the development and maintenance of the relationship with channel partners. On retailer channel, the Group will concentrate its efforts to enhance the sales through rolling out new products into the shops by stages and we will terminate the cooperation with those loss-making retailers. On distributor channel, the Group will reframe the major accounts in the distribution network with a view to minimizing the operating loss in this channel. On traditional channel, the Group intends to roll out shower gel and laundry detergent on top of hair care products to enhance the sales in this channel with a view to maintaining the number of point of sales and the overall size of this channel.

二零一九年，企業的運營主題是「強抓執行，動銷為主」。

對於霸王品牌系列產品，集團將加強營銷和產品策略，開發年輕一代的細分市場，特別是防脫髮產品。除了設計時尚、色彩鮮艷的套裝產品，配合生動活潑的宣傳素材，以吸引年輕顧客外，本集團亦會開發一些動畫人物系列，透過智能手機的APPs，推出一系列動畫人物，塑造年輕的品牌形象。我們將為年輕客戶提供量身定制的免費贈品。集團將通過網絡和社會媒體，運用不同營銷場景主題，通過網紅主播作為主流意見推動中藥防脫的意識，引導消費者年輕時就要開始預防脫髮的重要性。我們打算開發大學生市場。為了向學生們傳播霸王品牌理念，提高學生們的品牌意識，激發他們對我們品牌產品的興趣，我們計劃頒發中國大學生廣告藝術創意品牌建設獎。我們還將制作關鍵視覺平面宣傳素材，積極增強客戶對我們品牌的記憶和認識。

對於追風系列產品，集團一直致力提升品牌形象，以迎合年輕顧客的當下時尚生活方式。集團將重新設計和包裝新的護髮產品和香水沐浴露，通過包場渠道銷售。

對於傳統渠道，集團將採取謹慎的方式投資發展和維護與客戶的關係。對於零售商渠道，集團將集中力量，分階段向門店推出新產品，提升銷售，並終止與虧損零售商系統的合作。對於分銷商渠道，集團將重組分銷網絡的主要客戶，以將該渠道的經營虧損降至最低。對於傳統渠道，除洗護髮產品，集團擬推出沐浴露和洗衣液，以提升該渠道的銷售，保持該渠道的市場佔有和整體規模。



## Management Discussion and Analysis (Continued)

### 管理層討論及分析(續)

As to the online sales channel, the Group has achieved significant sales growth over the past few years. The Group understands that we may have to make substantial marketing efforts to achieve a significant rate of growth in 2019 given the current size of this channel. The Group intends to integrate the following three aspects into one: online channel, brand name, and media, for creating an impact on the enhancement of sales revenue through this channel.

For production management, having established a disciplined and an efficient manufacturing environment, we intend to leverage on our management skills, advanced production equipment, and spare production facilities and capacities for developing an original equipment manufacturer (OEM) business for other companies. We believe that this OEM business would generate additional revenue for the Group.

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

As of the date of this announcement, the Group does not have any outstanding acquisition opportunity on hand, nor is actively exploring business opportunities that may involve potential acquisition. However, the Group is open to potential investment opportunities.

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

對於電商渠道，集團在過去幾年取得了顯著的銷售增長。集團明白，為了在現有規模下實現2019年的增長率，我們可能必須做出重大的營銷努力。集團計劃整合電商渠道、品牌和媒介三為一體，推動對這個渠道的銷售增長。

對於生產管理，我們已經建立了一個紀律性和高效率的生產環境，我們打算利用我們的管理技能、先進的生產設備、剩餘的生產設施和產能，為其他公司發展原始設備製造商(OEM)業務。我們相信新的原始設備製造商業務將為集團帶來一定的收入。

在業務擴展計劃方面，本集團將繼續開發與潛在經銷商合作，把我們的品牌推廣至其他國家。本集團將以開放的態度尋找與潛在的海外經銷商洽談更多的商業合作機會。

於本公告發佈之日，本集團並無任何正在洽談處理的收購事宜，並且暫時不會積極尋找潛在的收購機會。然而，本集團對於潛在的投資機會持開放態度。

展望未來，在不穩定的經營環境中，我們計劃專注於維持和發展我們業務之戰略方向這兩方面：就短期而言，本集團擬繼續在國內外組建就家庭及個人護理行業建立豐富經驗的管理團隊、恢復銷售增長勢頭和盈利能力，以及提升投資者對本集團的信心；就長期而言，本集團將繼續鞏固發展模式及定位，以增加市場佔有率及迎戰國內外競爭對手，保持家庭及個人護理產品品牌及產品多樣化的均衡策略及成為全球中草藥家庭及個人護理產品領軍企業。

## 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維持良好穩定的財務狀況。流動資金和財務資源概要列載如下：

|                                |                    | <b>31 December<br/>2018<br/>二零一八年<br/>十二月三十一日<br/>RMB in million<br/>人民幣百萬元</b> | 31 December<br>2017<br>二零一七年<br>十二月三十一日<br>RMB in million<br>人民幣百萬元 |
|--------------------------------|--------------------|---|---|
| Cash and cash equivalents      | 現金及現金等價物           | <b>65.5</b>   | 46.1  |
| Total loans                    | 貸款總額               | <b>12.6</b>   | —   |
| Total assets                   | 總資產                | <b>283.2</b>  | 298.4   |
| The gearing ratio <sup>1</sup> | 資產負債率 <sup>1</sup> | <b>4.3%</b>   | —   |

Note:

1. Calculate as total loans divided by total assets

備註：

1. 資產負債率按貸款總額除以資產總額計算

#### Material Acquisition and Disposal

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

#### 重大收購及出售

於回顧年度，本集團並無重大收購或出售其附屬及聯營公司的活動。





## Management Discussion and Analysis (Continued)

### 管理層討論及分析(續)

#### Exposure to Fluctuations in Exchange Rates and Hedging

The operations of the Group are mainly carried out in China, with most transactions being settled in Renminbi. The reporting currency of the Group is Renminbi. During the year under review, the Group had exported its goods to Hong Kong and certain overseas countries. The transactions were settled in either Hong Kong Dollars or United States Dollars. The Group's cash and bank deposits are mostly denominated in Renminbi. The Company will pay dividends in Hong Kong Dollars if dividends are declared. In addition, the Group paid certain advertising fees in United States Dollars or Hong Kong Dollars. The Directors are of the view that the Group conducts its business transactions principally in Renminbi and thus the exchange risk at the Group's operational level is not significant. As at 31 December 2018, the Group had not issued any material financial instruments or entered into any material contracts for foreign currency hedging purposes. However, the Directors will continue to monitor the foreign exchange exposure and are prepared to take prudent measures such as hedging when required.

#### Contingent Liabilities

The Group had no material contingent liabilities as at 31 December 2018.

#### Capital Commitment

As at 31 December 2018, the capital commitment of the Group amounted to approximately RMB0.3 million.

#### Charge of Assets

As at 31 December 2018, buildings with carrying values of approximately RMB3.4 million (2017: nil) were pledged to secure banking facilities granted to the Group. As at 31 December 2018, banking facilities of approximately RMB12.6 million were utilised and approximately RMB67.4 million were unutilised and available for the Group's future financing.

#### 匯率波動風險及有關對沖

本集團主要在中國境內經營業務，大部分交易以人民幣結算，本集團的報告貨幣為人民幣。於回顧年度，本集團出口產品銷往香港以及其他海外地區，交易以港幣或美元結算。本集團大部份現金及銀行存款均以人民幣計值。倘若本公司宣派股息時，利息亦將以港幣派付。此外，本集團以美元或港幣支付若干廣告費。董事認為本集團從事的業務主要是以人民幣結算的，因此外匯風險對本集團的日常經營影響並不重大。於二零一八年十二月三十一日，本集團並沒有發行任何重大金融工具或訂立任何重大合約作外匯對沖用途。然而，董事將繼續監察外匯風險，並準備在需要時採取審慎的措施，例如對沖。

#### 或然負債

於二零一八年十二月三十一日，本集團並無重大或然負債。

#### 資本承擔

於二零一八年十二月三十一日，本集團資本承擔總額為約人民幣0.3百萬元。

#### 資產抵押

於二零一八年十二月三十一日，本集團抵押賬面價值約人民幣3.4百萬元的建築物(二零一七年：無)以確保銀行給予本集團的授信額度。於二零一八年十二月三十一日，本集團已使用的銀行授信額度約為人民幣12.6百萬元，未使用及可供本集團未來使用的銀行授信額度約為人民幣67.4百萬元。

## Management Discussion and Analysis (Continued)

### 管理層討論及分析(續)

#### Distributable Reserves

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

#### Inventories

As at 31 December 2018, the Group had inventories of approximately RMB39.6 million, representing a decrease of approximately 16.8% compared with approximately RMB47.6 million for 2017. Such decrease was primarily due to the decrease of sales return from KA channel and the decrease of inventories from Herborn and Little King Products.

The Group adopts a prudent approach in valuing its inventory. The Group continuously monitors the inventory levels of its different raw materials, packaging materials and finished goods, and based on feedback from the sales force on the various product lines and sales figures, the management regularly identifies the inventory levels of individual inventory items to determine whether there is any slow moving or obsolete items or finished goods. On this basis, the management will devise actions to be taken in relation to such inventory prior to their obsolescence, and/or whether provision should be made.

#### Trade Receivables

As at 31 December 2018, the Group had trade receivables of approximately RMB30.7 million, representing a decrease of approximately 26.0% compared with approximately RMB41.5 million for 2017. Such decrease was primarily due to the decrease in sales through KA channel, but such decrease was partially offset by the increase of trade receivables from online channel.

Some of the Group's sales are made on credit, trade receivables are resulted when the goods and titles have been delivered and passed, respectively. The management regularly reviews the credit quality of the Group's customers and their partners to evaluate whether provision should be made.

#### 可供分配儲備

根據開曼群島適用之法定條例，於二零一八年十二月三十一日，本公司並無可供分配予股東的儲備(二零一七年：無)。

#### 存貨

截至二零一八年十二月三十一日止，本集團存貨約人民幣39.6百萬元，較二零一七年同期約人民幣47.6百萬元下降約16.8%。下降的主要原因KA渠道的銷售退貨的減少及本草堂和小霸王的庫存的減少。

本集團採用審慎的方法對存貨進行估值。本集團持續監察不同原材料，包裝材料及成品的庫存水平，並根據銷售團隊對各產品線及銷售資料的回饋，定期識別個別庫存項目的庫存水平以決定是否有任何緩慢移動或過時的物料或成品。在此基礎上，管理層將策劃這些存貨在被淘汰之前會採取的行動，以及/或者是是否應該作出撥備。

#### 應收款項

截至二零一八年十二月三十一日止，本集團的應收款項約為人民幣30.7百萬元，較二零一七年同期約人民幣41.5百萬元下降約26.0%。主要原因在於KA渠道銷售額的減少，但部分被電商渠道應收賬款的增加所抵減。

本集團部分銷售以信貸形式進行，應收賬款於貨品交付及擁有權轉移時確認。管理層定期檢討本集團客戶及其合作夥伴的信貸質素，以評估是否應作出撥備。



## Management Discussion and Analysis (Continued)

### 管理層討論及分析(續)



#### Trade and Other Payables

As at 31 December 2018, the trade and other payables of the Group was approximately RMB81.4 million (2017: RMB117.4 million). The decrease was primarily due to reclassification of certain payables to refund liabilities and contract liabilities once adopted IFRS 15. For the two years ended 31 December 2018, trade and other payables did not include any balances due to related parties.

#### Human Resources

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

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

As at 31 December 2018, the Group employed approximately 626 employees (31 December 2017: 1,127), consisting of full-time employees and contract personnel in the PRC and Hong Kong. The total personnel expenses, comprising wages, salaries and benefits, amounted to RMB47.7 million for 2018 (31 December 2017: RMB53.0 million).

#### 貿易及其他應付款項

於二零一八年十二月三十一日，本集團貿易及其他應付款項約為人民幣81.4百萬元(二零一七年：人民幣117.4百萬元)，這個下降主要是由於採用國際財務報告準則第15號對某些應付款被重新分類為償還負債和合約負債引起。截至二零一八年十二月三十一日止的兩個年度，貿易及其他應付款項並無任何應付關聯方的結餘。

#### 人力資源

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

在二零一八年，本集團舉辦了多項內部培訓課程，以增強我們工作人員的軟技能，例如：時間管理、壓力管理和領導能力發展等。除此之外，本集團還要求部門經理參加有關獎勵和激勵的外部培訓課程。我們要求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法例／監管規定的遵守。會計準則、稅務實踐以及預算控制方面的研討會。

於二零一八年十二月三十一日，本集團僱用大約626名員工(二零一七年十二月三十一日：1,127名)，其中包括在中國和香港的全職員工以及合約僱員。人事總開支包括工資、薪金和福利，於二零一八年為人民幣47.7百萬元(二零一七年十二月三十一日：人民幣53.0百萬元)。

## 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 and outsourcing personnel as at 31 December 2018 and 2017:

下表載列於二零一八年十二月三十一日及二零一七年十二月三十一日我們的總僱員及外包人員的明細：

|                        |              | <b>31 December<br/>2018<br/>二零一八年<br/>十二月三十一日</b> | 31 December<br>2017<br>二零一七年<br>十二月三十一日 |
|------------------------|--------------|---|---|
| Full-time employees    | 全職僱員         | <b>191</b>  | 185                                     |
| Contract personnel     | 合約僱員         |   |   |
| – Sales persons        | – 促銷員        | <b>108</b>  | 547                                     |
| – Others               | – 其他         | <b>327</b>  | 395                                     |
| <b>Total employees</b> | <b>總僱員人數</b> | <b>626</b>  | <b>1,127</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、晉升及工資是按照各人的工作責任、工作表現、專業經驗及行業標準來釐定的。

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

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 pleasant working environment are essential factors for maintenance of a stable workforce for the Group.

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



# Corporate Governance Report

## 企業管治報告



### The Corporate Governance Code and the 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 (the “**CG 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**”) for the year ended 31 December 2018, except for the deviations as stated below.

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

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

### 企業管治守則及企業管治報告

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，截至二零一八年十二月三十一日止的年度，除了下列提及的偏離者外，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（「**企業管治守則**」）所載適用的守則條文。

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

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

## Corporate Governance Report (Continued)

### 企業管治報告(續)

With effect from 14 February 2018, Mr. CHEUNG Kin Wing, an INED, was appointed as the chairman of the remuneration committee and a member of the nomination committee of the Company. Following the above committee appointments, the Company re-complied with Rule 3.25 of the Listing Rules and A.5.1 of the CG Code. With effect from 17 April 2018, Dr. WANG Qi was appointed as an INED and a member of the audit and risk management committee of the Company. Following the appointment of Dr. Wang, the Company re-complied with Rule 3.10(1) and Rule 3.21 of the Listing Rules.

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

### MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

### Board of Directors

As at 31 December 2018, the Board comprised six members, including the Chairman, Mr. CHEN Qiyuan, the Chief Executive Officer, Mr. CHEN Zheng He (the “**CEO**”), the Chief Financial Officer and three independent non-executive Directors. Biographical details of the Directors are set out in the section headed Directors and Senior Management on pages 60 to 64 of this annual report.

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

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

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

### 董事進行證券交易的標準守則

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

### 董事會

於二零一八年十二月三十一日，董事會由六位成員組成，其中包括主席陳啟源先生、首席執行官陳正鶴先生(「首席執行官」)、首席財務官及三位獨立非執行董事。各董事之履歷列載於本年度報告第60頁至第64頁董事及高級管理層簡介。

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



## Corporate Governance Report (Continued)

### 企業管治報告(續)

The Board has delegated a schedule of responsibilities to the executive Directors and senior management of the Company. These responsibilities include implementing decisions of the Board and directing and co-ordinating day-to-day operation and management of the Group. The Board reviews these arrangements periodically to ensure such arrangements remain appropriate to the Group's needs.

On 22 November 2017, Mr. LI Bida, an independent non-executive Director, passed away and ceased to be an independent non-executive Director, the chairman of the Remuneration Committee and a member of the Nomination Committee and the Audit and Risk Management Committee. As a result, the Company only had two independent non-executive Directors, and the compositions of its Board, the Audit and Risk Management Committee, the Remuneration Committee and the Nomination Committee fell below the applicable requirements under the Listing Rules and/or the applicable code provisions of the Corporate Governance Code.

On 14 February 2018, Mr. CHEUNG Kin Wing, INED of the Company, was appointed as the chairman of the Remuneration Committee and a member of the Nomination Committee of the Company. Notwithstanding such appointment, the Company only had two independent non-executive Directors and the Audit and Risk Management Committee only has two members, which did not comply with the applicable requirements under Rules 3.10(1) and 3.21 of the Listing Rules.

The Company had applied to The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) for, and the Stock Exchange had granted to the Company, a waiver from strict compliance with Rules 3.10(1) and 3.21 of the Listing Rules during the period from 22 February 2018 to 22 May 2018.

On 17 April 2018, the Company appointed Dr. WANG Qi as INED of the Company and a member of the Audit and Risk Management Committee. The Company has re-complied with Rules 3.10(1) and 3.21 of the Listing Rules on the same date.

To satisfy the independence requirement of the INEDs, the Board must determine that the independent non-executive Director does not have any direct or indirect material relationship with the Group. The Board follows the requirements set out in the Listing Rules to determine the independence of Directors. Independent non-executive Directors are appointed for a term of 3 years.

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

於二零一七年十一月二十二日，本公司獨立非執行董事李必達先生逝世，並停止擔任本公司獨立非執行董事，薪酬委員會主席以及提名委員會和審核及風險管理委員會的成員。因此，本公司只有兩名獨立非執行董事，而董事會、審核及風險管理委員會、薪酬委員會和提名委員會成員的構成低於上市規則的要求和/或在《企業管治守則》適用守則條文的規定。

於二零一八年二月十四日，本公司一名獨立非執行董事張建榮先生被任命為薪酬委員會主席和提名委員會成員。然而，在該任命之後，公司依然只有兩名獨立非執行董事和兩名審核及風險管理委員會成員，仍不符合上市規則第3.10(1)和3.21條的適用要求。

本公司已向香港聯合交易所有限公司（「聯交所」）申請，而聯交所亦向本公司授出豁免，豁免本公司由二零一八年二月二十二日起至二零一八年五月二十二日止免於嚴格遵守上市規則第3.10(1)及3.21條的規定。

於二零一八年四月十七日，王琦博士被任命為本公司的獨立非執行董事以及審核及風險管理委員會之成員，而本公司亦重新符合上市規則第3.10(1)及3.21條的適用要求。

為了滿足獨立非執行董事的獨立性要求，獨立非執行董事須經董事會確定與本集團並無任何直接或間接的重大關係。董事會按照上市規則的規定，以確定董事的獨立性。獨立非執行董事的任期為三年一屆。

## Corporate Governance Report (Continued)

### 企業管治報告(續)

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

The Board held seven meetings in 2018. Each of Mr. CHEN Qiyuan, Mr. CHEN Zheng He, Mr. WONG Sin Yung, Dr. NGAI Wai Fung, and Mr. CHEUNG Kin Wing attended all meetings. Dr. WANG Qi attended five meetings which were held after his appointment on 17 April 2018.

The Company has adopted the nomination policy (the “**Nomination Policy**”) and the board diversity policy (the “**Diversity Policy**”) as required by the Corporate Governance Code and the Listing Rules, respectively, and has taken into account the diversity of the Board when selecting the candidates from a number of perspectives as stated in the Diversity Policy as published on the Company’s webpage.

#### Nomination Policy

Either the secretary or the chairman of the Nomination Committee shall call a meeting of the Nomination Committee, and may invite nominations of candidates from the Board members, if any, for the Nomination Committee to consider prior to its meeting. The Nomination Committee may also nominate candidate(s) who are not nominated by any member of the Board. For filling a casual vacancy, the Nomination Committee shall make recommendation(s) for the consideration and approval of the Board. For proposing candidate(s) to stand for election at a general meeting, the Nomination Committee shall make nominations to the Board for its consideration and recommendation to the shareholders of the Company for approval.

In order to provide information on the candidate(s) nominated by the Board for election at a shareholders’ general meeting, and to invite nominations from the shareholders, a circular will be sent to the shareholders in accordance with the requirements under the Listing Rules. The relevant circular will at a minimum set out such information about each proposed candidate, as required under the applicable laws, rules and regulations, the Company’s constitutional documents and the Listing Rules. A shareholder may serve a notice to the Company Secretary within the lodgment period of its intention to propose a resolution to elect a certain person as a director without the Board’s recommendation or the Nomination Committee’s nomination. The particulars of the proposed candidates will be sent to all shareholders for information by a supplementary circular.

主席及首席執行官職責分開，以加強他們的獨立性和問責性。除首席執行官陳正鶴先生是主席陳啟源先生的兒子外，董事之間概無其他關係。

二零一八年期間，董事會召開了七次會議。陳啟源先生、陳正鶴先生、黃善榕先生、魏偉峰博士及張建榮先生均有出席上述所有會議。王琦博士出席二零一八年四月十七日其獲得委任後所召開的五次會議。

分別根據《企業管治守則》及上市規則要求，本公司已採納提名政策（「**提名政策**」）及董事會多元化政策（「**多元化政策**」）並已將其在公司的網站上發佈，以及在遴選董事候選人時從多個方面考慮多元化政策中所述的董事會成員多元化。

#### 提名政策

提名委員會秘書或主席應召開委員會會議，並可邀請董事會成員提名候選人，如有，在會議前交由提名委員會考慮。提名委員會也可提名那些非由董事會成員提名的候選人。為填補臨時空缺，提名委員會應提出建議，供董事會會審議和核准。如提名候選人在股東大會上由股東投票委任，提名委員會須向董事會作出提名，以供董事會審議，並向公司股東提出建議，以供股東批准。

為了向股東提候選人的資訊，並供股東在在股東大會上投票選舉，並邀請股東向公司提供董事提名，董事會按照上市規則的規定，向股東發出通函。有關通函將按照適用的法律、規則和條例、公司章程檔和上市規則的要求，陳述每一個擬議候選人的資料。如股東有意在提交決議案以選舉某人士為董事，無須董事會建議或提名委員會提名，則可在遞交決議案期間，向公司秘書送達通知。提名候選人的詳情將以補充通函的方式送交所有股東參閱。





## Corporate Governance Report (Continued)

### 企業管治報告(續)

In assessing the suitability of a potential candidate, the Nomination Committee would consider factors, including but not limited to, candidate's personal integrity and character, accomplishment and experience that are relevant to the Group's business, diversity of the Board in accordance with the Diversity Policy.

#### Diversity Policy

In achieving diversity of the Board, a number of aspects of each director candidate will be considered, including but not limited to gender, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of services. All Board appointment will be based on meritocracy, and the candidates will be considered based on the objective criteria as set out in this policy having due regard for the benefits of diversity on the Board. The Nomination Committee will monitor the implementation of the Diversity Policy and has followed the Nomination Policy and the Diversity Policy in the nomination of the new Director(s), including the appointment of new independent non-executive Director(s).

#### Dividend Policy

The Company has adopted a dividend policy (the “**Dividend Policy**”), pursuant to which, the decision to declare a dividend or a distribution will be at the discretion of the Board. The Company intends to declare dividends to shareholders semi-annually in an aggregate amount per year not exceeding 30% of the anticipated consolidated net annual profits and may declare special dividends from time to time in addition to interim or final dividends. In deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account (including but not limited to) the Group's operations and earnings, development needs, cash flow, financial condition, capital and other reserve requirements and surplus, contractual and financial restrictions and any other conditions or factors which the Board considers relevant and having regard to the directors' fiduciary duties. While sharing the profit with shareholders, the Company shall also maintain sufficient reserves to ensure the implementation of the Group's strategy for development.

The payment of dividend is also subject to any restrictions under the laws of Cayman Islands, the Listing Rules, the laws of Hong Kong, the memorandum and articles of association of the Company and those laws, regulations and memorandum and articles of association to which the subsidiaries of the Group are subject.

提名委員會將在評估潛在候選人時參考一些因數，包括但不限於其個人的誠信和品德、在集團相關業務中的成就和經驗、董事會多元化政策一致的多元化的考慮。

#### 多元化政策

為實現董事會多元化，董事會將考慮每位董事候選人的若干方面，包括但不限於性別、年齡、文化和教育背景、種族、專業經驗、技能、知識和服務年資。董事會的所有任命將以任人唯賢為基礎，候選人將根據多元化政策制定的客觀標準進行審議，並適當考慮董事會多元化的好處。提名委員會將監察多元化政策的實施並在提名新董事，包括新獨立非執行董事時依隨提名政策及多元化政策。

#### 股利分配政策

本公司已通過一項股利分配政策《**股利分配政策**》，根據該股利政策，董事會將決定宣佈股息或分配股息的決定。本公司擬每半年向股東宣佈總額不超過預計合併年淨利潤的30%的股息，除臨時或最終股息外，還可不時宣佈特別股息。在決定是否提出股息和確定紅利數額，董事會應考慮(包括但不限於)集團的運營和收益、發展需要、現金流量、財務狀況、資本和其他存款準備金率和盈餘，合同和金融限制和其他董事顧及董事的授信義務會考慮的條件或相關因素。在與股東分享利潤的同時，本公司還應保持足夠的儲備，以確保集團發展戰略的實施。

股息的支付亦受到開曼群島法律的若干限制，上市規則、香港法律、本公司的組織大綱和章程以及集團的子公司要受制的有關法律及法規。

## Corporate Governance Report (Continued)

### 企業管治報告(續)

The Dividend Policy will continue to be reviewed from time to time and there can be no assurance that a dividend will be proposed or declared in any specific periods.

#### Update on Directors' Information

Dr. NGAI Wai Fung, an independent non-executive Director of the Company, ceased to be a member of the Qualification and Examination Board of the Hong Kong Institute of Certified Public Accountants and an independent non-executive director of HKBridge Financial Holdings Limited (02323).

#### Remuneration of Directors and Chief Executive

Details of the remuneration of each Director and the Chief Executive for the year ended 31 December 2018 are set out in note 15 to the consolidated financial statements. Other than the Directors and the Chief Executive, there is no other member of senior management.

#### Directors' Training

Under Code Provision A.6.5 of the Corporate Governance Code, directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. Internally facilitated briefings for directors are arranged and reading materials on relevant topics are issued to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

As of 31 December 2018, all Directors (being Mr. CHEN Qiyuan, Mr. CHEN Zheng He, Mr. WONG Sin Yung, Dr. NGAI Wai Fung, Mr. CHEUNG Kin Wing and Dr. WANG Qi (from 17 April 2018)) received regular updates on the Group's business, operations, risk management and corporate governance matters, and participated in the directors' training offered by professional bodies and/or arranged by the Company. Materials on new or changes to salient laws and regulations applicable to the Group were provided to the Directors. Directors are requested to provide their records of training they received to the Company Secretary for record and annual review by

股利分配政策將繼續不時被評估，且概不能保證將在任何既定期間建議或宣佈股息。

#### 董事資料更新

魏偉峰博士，本公司的一名獨立非執行董事，停止擔任香港會計師公會專業資格及考試評議會委員會成員以及港橋金融控股有限公司(02323)的獨立非執行董事。

#### 董事及最高行政人員薪酬

截至二零一八年十二月三十一日止年度有關各董事及最高行政人員薪酬的詳情載於綜合財務報表附註15。除董事及最高行政人員外，並無其他高級管理層成員。

#### 董事培訓

根據《企業管治守則》守則條文第A.6.5條，董事須參與合適的持續職業發展，以提高及更新其知識及技能，以確保繼續在具備全面資訊及切合所需的情況下向董事會作出貢獻。本公司於適當時為董事安排內部用簡報，並就有關主題刊發閱讀材料。本公司鼓勵所有董事參加相關培訓課程，費用由本公司支付。

截至二零一八年十二月三十一日止年度，全體董事於二零一八年十二月三十一日(即陳啟源先生、陳正鶴先生、黃善裕先生、魏偉峰博士、張建榮先生及王琦博士(於二零一八年四月十七日開始))均定期接收有關本集團業務、營運、風險管理及企業管治事宜的簡報及更新，以及參與由專業機構提供和/或本公司安排的培訓。董事獲提供適用於本集團的新訂重點法律及條例或重要法律及條例之變動。董事須向公司秘書提供彼等所接

## Corporate Governance Report (Continued)

### 企業管治報告(續)

Nomination Committee. During the year under review, the Directors received an aggregate of approximately 221 hours of training in various fields with a breakdown as follows:

受培訓的記錄以作存檔以及提名委員會的年度審閱。於回顧年度內，董事會接受共計約221小時的各個領域的培訓，明細列示如下：

#### 2018 Directors' Training by Topic

#### 2018年董事培訓主題

| Average per person:<br>approximately 37 hours |                   | Hong Kong<br>Legislative/<br>Regulatory<br>Compliance | Director's<br>Duties/ESG<br>Practices | Financial<br>Reporting/<br>Taxation/Risk<br>Management | Economy/<br>Financial<br>Markets<br>Updates | Business<br>Management/<br>Investor<br>Relationship | Others <sup>2</sup> |
|---|-------------------|---|---------------------------------------|--|---|---|---------------------|
| 每人平均：約37小時                                    |                   | 香港法例/<br>監管規定的<br>遵守                                  | 董事職責/<br>環境、社會<br>及管治實施               | 財務報告/<br>稅務/<br>風險管理                                   | 經濟/<br>金融市場<br>更新                           | 業務管理/<br>投資者關係                                      | 其他 <sup>2</sup>     |
| <b>Executive Director</b>                     | <b>執行董事</b>       |   |                                       |  |   |   |                     |
| Mr. CHEN Qiyuan                               | 陳啟源先生             | ✓   | ✓                                     | ✓  | ✓   | ✓   | ✓                   |
| Mr. CHEN Zheng He                             | 陳正鶴先生             | ✓   | ✓                                     | ✓  | ✓   | ✓   | ✓                   |
| Mr. WONG Sin Yung                             | 黃善榕先生             | ✓   | ✓                                     | ✓  | ✓   | ✓   | ✓                   |
| <b>INEDs</b>                                  | <b>獨立非執行董事</b>    |   |                                       |  |   |   |                     |
| Dr. NGAI Wai Fung                             | 魏偉峰博士             | ✓   | ✓                                     | ✓  | ✓   | ✓   | ✓                   |
| Mr. CHEUNG Kin Wing                           | 張建榮先生             | ✓   | ✓                                     | ✓  | ✓   | ✓   | ✓                   |
| Dr. WANG Qi <sup>1</sup>                      | 王琦博士 <sup>1</sup> | ✓   |                                       |  | ✓   | ✓   | ✓                   |

1. Dr. WANG Qi was appointed as Independent Non-executive Director on 17 April 2018.
2. Include topics such as scientific research and development, social development and education, and information technology.

1. 王琦博士於2018年4月17日被委任為獨立非執行董事。
2. 包括諸如科學研究和發展，社會發展及教育，及信息技術。

#### Remuneration Committee

The Remuneration Committee comprises our executive Director, Mr. CHEN Zheng He, and our two INEDs, Mr. CHEUNG Kin Wing and Dr. NGAI Wai Fung. Mr. CHEUNG Kin Wing is the chairperson of the Remuneration Committee since 14 February 2018. The primary duties of the Remuneration Committee are to make recommendation to the Board on the overall remuneration policy and structure relating to all Directors and senior management of our Group, review performance based remuneration and ensures that none of our Directors determine their own remuneration. If necessary, the Remuneration Committee will have access to independent advice.

#### 薪酬委員會

薪酬委員會由我們的執行董事陳正鶴先生及兩名獨立非執行董事，即張建榮先生及魏偉峰博士組成。張建榮先生為薪酬委員會主席。薪酬委員會的主要職責乃就本集團全體董事及高級管理人員的整體薪酬政策及架構向董事會作出推薦建議；審閱通過表現而釐定的薪酬；以及確保我們的董事概無釐訂本身的薪酬。如有需要，薪酬委員會可以獲得獨立意見。

## Corporate Governance Report (Continued)

### 企業管治報告(續)

The Remuneration Committee held two meetings in 2018. Each of Mr. CHEN Zheng He, Mr. CHEUNG Kin Wing and Dr. NGAI Wai Fung attended the said meeting.

During the meeting, the Remuneration Committee discussed the remuneration structure of the Directors.

#### Nomination Committee

The Nomination Committee comprises our executive Director, Mr. CHEN Qiyuan, and our two independent non-executive Directors, Mr. CHEUNG Kin Wing and Dr. NGAI Wai Fung. Mr. CHEN Qiyuan is the chairperson of the Nomination Committee. The primary duties of the Nomination Committee are to review the structure, size and composition of the Board and to make recommendations to the Board regarding candidates to fill vacancies on the Board and the re-election of Directors.

The Nomination Committee held six meetings in 2018. During the meetings, the committee members reviewed the senior management structure of the Group and the re-election of Directors and also considered the candidates for filling the vacancy of an INED created by the passing away of Mr. LI Bida. All committee members attended the said meetings.

#### Audit and Risk Management Committee

As at 31 December 2018, the Audit and Risk Management Committee comprises three independent non-executive Directors, two of whom possess the appropriate business and financial experience and skills to understand the accounts of the Group. The Audit and Risk Management Committee is chaired by Dr. NGAI Wai Fung and the other members are Mr. CHEUNG Kin Wing and Dr. WANG Qi.

The written terms of reference which describes the authority and duties of the Audit and Risk Management Committee were prepared and adopted in accordance with the Listing Rules. The Audit and Risk Management Committee is required, amongst other things, to oversee the relationship with the external auditors, to review the Group's interim and annual results, to review the scope, extent and effectiveness of risk management and internal control systems of the Group, to review accounting policies and practices adopted by the Group, to engage independent legal or other advisers as it determines necessary and to perform investigations.

二零一八年期間，薪酬委員會召開兩次會議。陳正鶴先生、張建榮先生及魏偉峰博士均有出席該會議。

在該會議中，薪酬委員會討論了董事的薪酬架構。

#### 提名委員會

提名委員會由我們的執行董事陳啟源先生及兩名獨立非執行董事，即張建榮先生及魏偉峰博士組成。陳啟源先生為提名委員會主席。提名委員會的主要職責為檢討董事會架構、人數和組成及就填補董事會空缺及重選向董事會作出推薦建議。

二零一八年期間，提名委員會召開六次會議。會議期間，本委員會成員已審閱本集團高級管理層架構、董事膺選連任事項以及填補李必達先生辭世而出現的獨立非執行董事空缺。所有委員均有出席該會議。

#### 審核及風險管理委員會

於二零一八年十二月三十一日，審核及風險管理委員會包括三位獨立非執行董事，他們其中二人具備了解財務報表所需的商業與財務技巧與經驗。委員會由魏偉峰博士擔任主席，其他成員為張建榮先生及王琦博士。

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



## Corporate Governance Report (Continued)

### 企業管治報告(續)

During the year, the Audit and Risk Management Committee has performed the following:

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

The Audit and Risk Management Committee has reviewed the annual report with the management and the external auditors and recommended its adoption by the Board.

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

The Audit and Risk Management Committee held four meetings in 2018. Each of Dr. NGAI Wai Fung and Mr. CHEUNG Kin Wing had attended all four meetings and Dr. WANG Qi attended two meetings which were held after his appointment on 17 April 2018.

在本年度內，審核及風險管理委員會進行了下列各項工作：

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

審核及風險管理委員會已與管理層和外部核數師審閱年度報告，並建議董事會採納。

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

於二零一八年期間，審核及風險管理委員會召開四次會議。魏偉峰博士及張建榮先生均有出席上述四次會議。王琦博士出席了兩次自其於二零一八年四月十七日獲委任後所召開的會議。

## Corporate Governance Report (Continued)

### 企業管治報告(續)

#### Corporate Governance Functions

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

During the year under review, the Audit and Risk Management Committee met four times to review the Company's corporate governance policies and practices, training and continuous professional development of directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements and the compliance of the Company with the Corporate Governance Code and disclosure in this Corporate Governance Report.

#### Directors' responsibilities for financial statements

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

A statement from the auditor of the Company about their reporting responsibilities on the financial statements of the Group for the year ended 31 December 2018, is set out on pages 65 to 71 of the annual report.

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

#### Internal control and risk management

The Board is responsible for making appropriate assertions on the adequacy and the effectiveness of the risk management and internal control systems and procedures and to resolve material internal control defects. The Board together with the senior management of the Group are jointly responsible for maintaining a sound and effective system of internal control of the Group so as to ensure the effectiveness and efficiency of operations of the Group in achieving the established corporate objectives, safeguarding assets of the Group, rendering reliable financial reporting and complying with the applicable laws and regulations.

#### 企業管治職能

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

於回顧年度內，審核及風險管理委員會曾舉行四次會議，審閱本公司的企業管治政策及常規、董事及高級管理層的培訓及持續職業發展、本公司在遵守法律及監管規定方面的政策及常規及遵守《企業管治守則》的情況以及於本企業管治報告內的披露。

#### 董事對財務報表的責任

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

本公司核數師就其對本集團截至二零一八年十二月三十一日止年度綜合財務報表的申報責任所做的聲明載於本年度報告第65至71頁。

並無若干事項或情況之重大不明朗因素可能對本公司持續經營的能力產生重大疑問。

#### 內部監控及風險管理

董事會負責對風險管理及內部監控系統及程序是否充分及有效作出適當的聲明，並透過轄下的審核及風險管理委員會定期檢討該等制度是否有效以及解決嚴重內部監控缺失。董事會與集團的高級管理層對維持一套屬於本集團的、穩健妥善而且有效的內部監控制度有著共同的責任，而該系統確保本集團能有效地以高效率營運，藉以達成企業目標、保障本集團資產、提供可靠的財務申報以及遵守適用的法律及規例。



## Corporate Governance Report (Continued)

### 企業管治報告(續)

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

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

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

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

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

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

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

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

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

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

## Corporate Governance Report (Continued)

### 企業管治報告(續)

#### Handling and disclosure of inside information

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

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

#### Investor Relations and Communication with Shareholders

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

#### 內幕消息的處理及發佈

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

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

#### 投資者關係及股東通訊


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





## Corporate Governance Report (Continued)

### 企業管治報告(續)



The Company convened one shareholders' general meeting in 2018, being the Annual General Meeting (the “**AGM**”) for the year 2017. The AGM held on 1 June 2018 reviewed and approved a number of resolutions such as the financial statements for the year 2017, Report of Directors and appointment and remuneration of auditors of the Company. All the Directors, namely Mr. CHEN Qiyuan, Mr. CHEN Zheng He, Mr. WONG Sin Yung, Dr. NGAI Wai Fung and Mr. CHEUNG Kin Wing and Dr. WANG Qi have attended the AGM of the Company.

### Company Secretary

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

In compliance with Rule 3.29 of the Listing Rules, Mr. WONG has undertaken no less than 15 hours of relevant professional training during the year ended 31 December 2018.

### Shareholders' Rights

Pursuant to the articles of association of the Company (the “**Articles**”), shareholder(s) holding not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings may request the Company to convene an extraordinary general meeting by sending a written requisition to the Board or the Company Secretary.

本公司於二零一八年召開一次股東大會，為二零一七年度股東週年大會（「**股東週年大會**」）。於二零一八年六月一日召開的股東週年大會審議通過了二零一七年財務報告、董事報告書及核數師聘任及酬金等多項議案。所有董事，即陳啟源先生、陳正鶴先生、黃善榕先生、魏偉峰博士、張建榮先生及王琦博士均有出席公司的股東週年大會。

### 公司秘書

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

為遵守上市規則第3.29條規定，黃先生於截至二零一八年十二月三十一日止年度內參加了不少於15小時的相關專業培訓。

### 股東權利

根據本公司組織章程（「**組織章程**」），持有不少於十分之一本公司附有股東大會投票權的繳足股本的股東可要求本公司召開股東特別大會，方法為向董事會或公司秘書發出書面要求。

## Corporate Governance Report (Continued)

### 企業管治報告(續)

Shareholders may send written enquiries to the Company for putting forward any enquiries or proposals to the Board.

Contact details are as follows:

Address: Suite B, 16/F Ritz Plaza,  
122 Austin Road,  
Tsimshatsui, Kowloon, Hong Kong  
(For the attention of Mr. WONG Sin Yung,  
Company Secretary)

Fax: +852 3114 8819

Email: IR@1338.hk

#### Constitutional Documents

During the year under review, the Company has not made any changes to its Articles. An up-to-date Articles is available on the websites of the Company and the Stock Exchange. Shareholders may refer to the Articles for further details of their rights.

#### Auditors' Remuneration

The remuneration paid (payable) to the Company's independent external auditor, SHINEWING (HK) CPA Limited, for the year ended 31 December 2018 in relation to audit services and non-audit services (including the review of the Company's interim results announcement and interim report for the year 2018) are approximately RMB1,097,000 and RMB208,000 respectively.

股東可向本公司寄發書面查詢或建議以向董事會作出任何查詢。

聯絡詳情如下：

地址：香港九龍尖沙咀  
柯士甸道122號  
麗斯中心16樓B室  
(收件人為公司秘書  
黃善榕先生)

傳真：+852 3114 8819

電子郵件：IR@1338.hk

#### 組織章程文件

在回顧年度內，本公司並無對其組織章程作出任何變動。組織章程的最新版本可在本公司網站及聯交所網站查閱。股東亦可參考組織章程以取得有關其權利的詳情。

#### 核數師薪酬

截至二零一八年十二月三十一日止年度，本公司已付/應付外聘獨立核數信永中和(香港)會計師事務所有限公司所有關核數服務及非核數服務(包括審閱本公司二零一八年度中期業績公告及中期報告)的薪酬分別約為人民幣1,097,000元和人民幣208,000元。



# Report of the Directors

## 董事會報告

The Directors submit this Report of Directors together with the audited consolidated financial statements for the year ended 31 December 2018.

### Principal Activities

The principal activities of the Group are the designing, manufacturing, trading and distribution of Chinese herbal products, including shampoo products, hair-care products, skin-care products, and household cleaning products. The principal activities and other particulars of the subsidiaries are set out on pages 178 to 179 of this annual report.

### Business Review

A fair review of the business of the Group, together with a description of the principal risks and uncertainties facing the Company, particulars of important events affecting the Group that had occurred since the end of the financial year 2018, as well as indication of likely future developments in the business of the Group are set out in the sections “Business Review” on pages 9 to 13, “Key Risks and Uncertainties facing the Company” on pages 14 to 15, “Environmental Protection” on page 15, “Business compliance” on page 15, “Relationship with Employees, Customers and Suppliers” on page 15 to 16, and “Outlook” on pages 20 to 22 of this report respectively. An analysis using financial key performance indicators is set out in the sections “Revenue and Segment Information” on pages 135 to 139 and “Five Year Financial Summary” on page 180 in this report.

### Dividends

Following a review of the operating results of the Group, the Board does not recommend the payment of any final dividends in respect of the year ended 31 December 2018.

### Results and Appropriations

The results of the Group for the year ended 31 December 2018 are set out in the consolidated statement of profit or loss on page 72 of this annual report.

董事呈列董事會報告，連同截至二零一八年十二月三十一日止年度的經審核綜合財務報表。

### 主要業務

本集團之主要業務是設計、製造、銷售中草藥產品，包括洗髮產品、護髮產品、護膚產品以及家庭清潔產品。各附屬公司之主要業務及其他詳情載列於本年度報告第178至179頁。

### 業務回顧

本集團中肯業務回顧，連同本公司所面對主要風險及不明朗因素之描述、自二零一八年財政年度終結後發生並對本集團有影響之重大事項以及本集團業務日後可能出現之發展，分別載於本年報第9至13頁之「業務回顧」、第14至15頁之「主要風險及不明朗因素」、第15頁之「環境保護」、第15頁之「業務合規」、第15頁至16頁之「與僱員、僱客和供應商的關係」、及第20至22頁之「展望」內。使用關鍵財務績效指標作出之分析載於本年報第135至139頁之「營業及分部資料」及第180頁之「五年財務概要」內。

### 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二零一八年十二月三十一日止年度的任何末期股息。

### 業績及分配

本年度截至二零一八年十二月三十一日止年度之集團業績載於本年度報告第72頁之綜合損益表內。

## Report of the Directors (Continued)

### 董事會報告(續)

#### Reserves

Details of the movements in the reserves of the Group and the Company during the financial year 2018 are set out on pages 75 and 167 of this annual report respectively.

#### Major Customers and Suppliers

During the year ended 31 December 2018, sales made to the Group's five largest customers and the largest customer accounted for approximately 20.8% and 9.9%, respectively of the total sales of the Group. The Group purchased approximately 34.2% and 12.2%, respectively of its goods and services purchased from its five largest suppliers and the largest supplier.

None of the Directors, their close associates or any shareholders (which to the knowledge of the Directors own more than 5% of the Company's share capital) had an interest in any of the Group's five largest customers and suppliers.

#### Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 180 of this annual report.

#### Bank Borrowings

Please refer to note 26 of the audited consolidated financial statements for details of bank loans and other borrowings of the Group.

#### Property, Plant and Equipment

Details of the movements in property, plant and equipment of the Group are set out in note 17 to the consolidated financial statements.

#### 儲備

有關本集團及本公司於二零一八年財政年度的儲備變動，詳情分別載於本年度報告第75及167頁。

#### 主要客戶及供應商

截至二零一八年十二月三十一日止年度，本集團向五大客戶及最大客戶銷售所得的銷售額分別佔本集團總銷售額約20.8%及9.9%。本集團向五大供應商及最大供應商採購的貨物及服務分別佔其採購的34.2%及12.2%。

概無任何本公司董事、緊密聯繫人士或據董事所知擁有本公司股本5%以上權益之任何股東於本集團任何首五大客戶及供應商擁有權益。

#### 財務概要

本集團於最近五個財政年度之業績及資產與負債概要載於本年度報告第180頁。

#### 銀行借貸

本集團的銀行貸款及其他借貸之詳情列載於本年度經審核的合併財務報表附註26。

#### 物業、廠房及設備

有關本集團物業、廠房及設備的變動，詳情載於綜合財務報表附註17。



## Report of the Directors (Continued)

### 董事會報告(續)

#### Share Capital and Share Options

Details of the movements in the share capital of and the share options granted by the Company are set forth in notes 28 to 29 to the consolidated financial statements.

#### Changes in Equity

Please refer to the consolidated statement of changes in equity as contained in the audited consolidated financial statements of the year (page 75 of this annual report).

#### Pre-emptive Rights

There are no provisions for pre-emptive rights under the Articles or the laws of Cayman Islands which oblige the Company to offer new shares on a pro rata basis to the existing Shareholders.

#### Principal Subsidiaries

Please refer to note 37 of the audited consolidated financial statements for details of the Company's principal subsidiaries at 31 December 2018.

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

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

#### 股本及購股權

有關本公司股本及已授出購股權的變動，詳情載於綜合財務報表附註28至29。

#### 權益變動

請參閱本年度經審核的合併財務報表所刊載的合併權益變動表(本年度報告第75頁)。

#### 優先購買權

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

#### 主要附屬公司

於二零一八年十二月三十一日，本公司的附屬公司的詳情分別刊載於本年度經審核的合併財務報表附註37。

#### 購入、出售或贖回本公司之上市證券

於回顧年度內，本公司及其任何附屬公司並無購入、出售或贖回本公司之任何上市證券。

## Report of the Directors (Continued)

### 董事會報告(續)

#### Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the latest practicable date prior to issue of this annual report, the Company has maintained the prescribed public float with at least 25% of the Shares held by the public as required under the Listing Rules during the year ended 31 December 2018 and up to the date of this annual report.

#### Permitted Indemnity

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

#### Management Contracts

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

#### Directors

The Directors during the year were:

##### Executive Directors

CHEN Qiyuan (*Chairman*)

CHEN Zheng He (*Chief Executive Officer*)

WONG Sin Yung *CPA*

##### Independent non-executive Directors

Dr. NGAI Wai Fung *PhD, CPA, FCCA, FCIS, FCS (P.E.)*

CHEUNG Kin Wing *FCA, CPA*

Dr. WANG Qi

(Appointed on 17 April 2018)

#### 足夠公眾持股量

按本公司可公開獲得之資料及就董事所知，於本報告刊發前之最後可行日期，本公司於截至二零一八年十二月三十一日止年度內及截至本年度報告發佈之日一直維持上市規則指定數額之公眾持股量不低於25%。

#### 獲准許的彌償

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

#### 管理合約

年內概無訂立或存在任何有關管理及經營本公司全部或任何重大部份業務的合約。

#### 董事

於本年度內之董事如下：

##### 執行董事

陳啟源(主席)

陳正鶴(首席執行官)

黃善榕 *CPA*

##### 獨立非執行董事

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

張建榮 *FCA, CPA*

王琦博士

(於二零一八年四月十七日獲委任)



## Report of the Directors (Continued)

### 董事會報告(續)

#### Directors' Biographies and re-election of Directors

Details of the Directors' (for the year ended 31 December 2018) biographies have been set out on pages 60 to 64 of the annual report.

#### Directors' Service Contracts

Each of our executive Directors (other than Mr. CHEN Zheng He) has entered into a director's service agreement with the Company for a term of three years from 4 July 2015. Mr. CHEN Zheng He has entered into a director's service agreement with the Company for a term of three years from 20 October 2014. All these service agreements are automatically renewable upon expiration, unless terminated by not less than six months' written notice served by either party to the service agreement on the other or in accordance with the provisions set out in the relevant service agreement.

For the INEDs, Dr. Ngai Wai Fung has entered into a letter of appointment with the Company for a term of three years from 4 July 2018. Mr. CHEUNG Kin Wing has entered into a letter of appointment with the Company for a term of three years from 13 November 2017. Dr. WANG Qi has entered into a letter of appointment with the Company for a term of three years from 17 April 2018.

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

#### Directors' Emoluments

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

#### 董事之履歷詳情、退任及董事重選

本公司董事截至二零一八年十二月三十一日年年底之履歷詳情載於本年度報告第60至64頁。

#### 董事服務合約

各執行董事(陳正鶴先生除外)已與本公司訂立董事服務協議,由二零一五年七月四日起,為期三年。陳正鶴先生已與本公司訂立董事服務協議,由二零一四年十月二十日起,為期三年。這些協議期屆滿後自動重續,直至協議任何一方向另一方發出不少於六個月之書面通知或根據相關服務協議所載條文予以終止為止。

對於獨立非執行董事,魏偉峰博士已與本公司簽訂委任函,由二零一八年七月四日起,為期三年。張建榮先生已與本公司簽訂委任函,由二零一七年十一月十三日起,為期三年。王琦博士已與本公司簽訂委任函,由二零一八年四月十七日起,為期三年。

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

#### 董事酬金

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

## Report of the Directors (Continued)

### 董事會報告(續)

#### Confirmation of Independence

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

#### Appointment of new independent non-executive Director

On 17 April 2018, Dr. WANG Qi was appointed as an independent non-executive Director and a member of the Audit and Risk Management Committee. Dr. WANG Qi entered into a letter of appointment with the Company for a term of three years from 17 April 2018.

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

As of 31 December 2018, the Directors and chief executive of the Company had the following interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "SFO")), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they had taken or deemed to have under such provisions of the SFO); or (b) to be and were entered into the register that was required to be kept by the Company pursuant to section 352 of the SFO; or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code:

#### 獨立性之確認

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

#### 任命新的獨立非執行董事

於二零一八年四月十七日，王琦博士被委任為本公司獨立非執行董事以及審核及風險管理委員會委員。王琦博士已與本公司簽訂委任函，由二零一八年四月十七日起，為期三年。

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

於二零一八年十二月三十一日，董事及本公司行政人員於本公司及其相聯法團（按香港法例第571章證券及期貨條例（「證券及期貨條例」）條例第XV部的涵義的股份、相關股份或債券證中，擁有(a)根據證券及期貨條例第XV部第7及第8分部的規定須知會本公司及聯交所的權益及淡倉（包括彼等根據上述證券及期貨條例該等條文被當做或視作擁有的權益及淡倉），或(b)根據證券及期貨條例第352條規定須登記於需存置的登記冊內的權益及淡倉，或(c)根據標準守則規定須知會本公司及香港聯交所如下：



## Report of the Directors (Continued)

### 董事會報告(續)

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

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

#### Notes:

- CHEN Qiyuan was deemed to be interested in the 1,900,840,000 shares of the Company held by Fortune Station Ltd. ("Fortune Station") by virtue of CHEN Qiyuan holding 50.43% of the issued share capital of Fortune Station. The remaining 49.57% of the issued share capital of Fortune Station was held by Heroic Hour Limited ("Heroic Hour"). Heroic Hour's entire issued share capital is held by CHEN Zheng He as trustee for himself and on behalf of his six brothers and sisters. The beneficial interests of CHEN Qiyuan's six children under the age of 18, namely CHEN Cynthia Yuping, CHEN Li Zi, CHEN Zheng Sheng, CHEN Zheng Yan, CHEN Ya Shan and CHEN Bo Ling in Heroic Hour, representing 78.00% of the issued share capital of Heroic Hour, were also attributable to CHEN Qiyuan.
- 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. Subsequently on 29 March 2019, WONG Sin Yung exercised his options to subscribe for 630,000 shares. For details, please refer to section headed "Share Option Scheme and Pre-IPO Share Option Scheme" below.

#### 附註:

- 憑藉陳啟源持有Fortune Station之50.43%之已發行股份，陳啟源被視為擁有Fortune Station Ltd. [Fortune Station] 所持有的1,900,840,000股公司股份的權益。Fortune Station的其餘49.57%已發行股本由Heroic Hour Limited ([Heroic Hour]) 持有，而陳正鶴作為受託人代彼及其六位弟妹持有Heroic Hour的全部已發行股本。由陳啟源18周歲以下的六位子女，即陳鈺坪、CHEN Li Zi、CHEN Zheng Sheng、陳正諺、陳雅善及Chen Bo Ling所實益持有的78.00% Heroic Hour已發行股本亦被視為歸屬於陳啟源。
- 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。及後於二零一九年三月二十九日，黃善榕行使了共630,000購股權。有關詳情，請參閱下文「購股權計劃及首次公開發售前購股權計劃」一節。

## Report of the Directors (Continued)

### 董事會報告(續)

#### Directors' and chief executive's interests and short positions in shares, underlying shares and debentures of 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/<br>chief executive<br>董事/最高行政人員<br>名稱 | Name of<br>associated<br>corporation<br>相聯法團名稱 | Nature of interest<br>權益性質                    | Long/short<br>position<br>好/淡倉 | Number of<br>ordinary<br>shares held<br>持有的<br>普通股<br>股份數目 | Approximate<br>percentage of<br>interest in<br>associated<br>corporation<br>於相關法團中<br>之權益百分比 |
|---|--|---|--------------------------------|--|--|
| CHEN Qiyuan (Note 1)<br>陳啟源(附註1)                        | Fortune Station                                | Beneficial owner<br>實益擁有人                     | Long<br>好倉                     | 20,000   | 50.43%   |
|   |  | Interest of children under 18<br>未滿18歲子女之權益   | Long<br>好倉                     | 15,330   | 38.66%   |
|   |  | Other<br>其他                                   | Long<br>好倉                     | 4,327  | 10.91%   |
| CHEN Zheng He (Note 2)<br>陳正鶴(附註2)                      | Fortune Station                                | Interest in controlled corporation<br>所控制法團權益 | Long<br>好倉                     | 19,657   | 49.57%   |

#### Notes:

- CHEN Qiyuan was the beneficial owner of approximately 50.43% of the issued share capital of Fortune Station. The beneficial interests of CHEN Qiyuan's six children under the age of 18 in Heroic Hour, representing 78.00% of the issued share capital of Heroic Hour, were also attributable to CHEN Qiyuan. Heroic Hour held approximately 49.57% of the issued share capital of Fortune Station.
- 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).

#### 附註:

- 陳啟源為Fortune Station已發行股本的約50.43%實益擁有人。由陳啟源18周歲以下的六位子女所實益持有的78.00% Heroic Hour已發行股本亦被視為歸屬於陳啟源。Heroic Hour持有Fortune Station已發行股本的約49.57%。
- 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 than as disclosed above, as at 31 December 2018, so far as known to any Director or chief executive of the Company, neither the Directors nor the chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they had taken or deemed to have under such provisions of the SFO); or (b) to be and were entered into in the register that was required to be kept by the Company pursuant to Section 352 of the SFO; or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

除上述披露的人員之外，於二零一八年十二月三十一日，就目前本公司的任何董事及最高行政人員所知，無論是本公司董事或者是最高行政人員，都沒有擁有本公司及其相聯法團(按證券及期貨條例第XV部的涵義)的股份、相關股份或債權證中，(a)根據證券及期貨條例第XV部第7及第8分部的規定須知會本公司及聯交所的權益及淡倉(包括彼等更具上述證券及期貨條例該等條文被當做或視作擁有的權益及淡倉)，或(b)根據證券及期貨條例第352條規定須登記於需存置的登記冊內，或(c)根據標準守則規定須知會本公司及聯交所。

## Report of the Directors (Continued)

### 董事會報告(續)

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

As of 31 December 2018, so far as known to any Director or chief executive of the Company, shareholders (other than a Director or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company as recorded in the register that was required to be kept pursuant to Section 336 of the SFO were as follows:

#### 本公司主要股東的權益及淡倉

據本公司任何董事或最高行政人員所知，於二零一八年十二月三十一日，股東（除本公司董事或最高行政人員外）於股份或相關股份中擁有根據證券及期貨條例第336條規定須登記於需存置的登記冊內的權益或淡倉如下：

| Name of shareholder                                | Nature of interest  | Number of ordinary shares of the Company held | Approximate percentage of issued share capital of the Company |
|--|---|---|---|
| 股東名稱   | 權益性質  | 持有的公司普通股股份數目                                  | 於公司已發行股本中之權益百分比(約數)   |
| Fortune Station                                    | Beneficial owner<br>實益擁有人   | 1,900,840,000 (L)                             | 60.12%  |
| Heroic Hour  | Interest in controlled corporation (Note 1)<br>所控制法團權益(附註1)               | 942,199,659 (L)                               | 29.80%  |
| WAN Yuhua (Note 2)<br>萬玉華(附註2)                     | Interest of children under the age of 18<br>未滿18歲的子女之權益                   | 734,797,818 (L)                               | 23.25%  |
| CHEN Cynthia Yuping (Note 3)<br>陳鈺坪(附註3)           | Beneficiary of a trust (other than a discretionary trust)<br>信託受益人(非酌情信託) | 122,466,303 (L)                               | 3.87%   |
|  | Other<br>其他   | 1,778,373,697 (L)                             | 56.25%  |
| CHEN Li Zi (Note 3)<br>CHEN Li Zi(附註3)             | Beneficiary of a trust (other than a discretionary trust)<br>信託受益人(非酌情信託) | 122,466,303 (L)                               | 3.87%   |
|  | Other<br>其他   | 1,778,373,697 (L)                             | 56.25%  |
| CHEN Zheng Sheng (Note 3)<br>CHEN Zheng Sheng(附註3) | Beneficiary of a trust (other than a discretionary trust)<br>信託受益人(非酌情信託) | 122,466,303 (L)                               | 3.87%   |
|  | Other<br>其他   | 1,778,373,697 (L)                             | 56.25%  |

## Report of the Directors (Continued)

### 董事會報告(續)

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

(L)—Long Position

(L)—好倉

#### Notes:

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

#### 附註:

- 憑藉Heroic Hour為Fortune Station已發行股本的約49.57%實益擁有人，Heroic Hour被視為於Fortune Station持有的公司股份中擁有權益。
- 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。
- 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。

Other than as disclosed above, as of 31 December 2018, the Company has not notified by any person (other than a Director or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept pursuant to Section 336 of the SFO.

於二零一八年十二月三十一日，除上文所披露人士之外，本公司未接到通知有任何人士(除本公司董事或最高行政人員外)於股份或相關股份中擁有根據證券及期貨條例第336條規定須登記於需存置的登記冊內的權益或淡倉。



## Report of the Directors (Continued)

### 董事會報告(續)

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

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

#### Share Option Scheme

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

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

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

#### 購股權計劃及首次公開發售前購股權計劃

本公司已經採用了兩類股權激勵計劃，亦即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，以激勵他們表現得更好及更有效率，並以此挽留那些為本集團的長遠增長及盈利能力做出重大貢獻的員工。

#### 購股權計劃

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

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

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

## Report of the Directors (Continued)

### 董事會報告(續)

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

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

As of 1 January and 31 December 2018, no shares option was outstanding under the Share Option Scheme, and there was no share option granted, exercised, cancelled or lapsed under the Share Option Scheme during the year ended 31 December 2018.

#### Pre-IPO Share Option Scheme

The Pre-IPO Share Option Scheme became effective on 10 December 2008. As of 31 December 2018, options to subscribe for an aggregate of 14,532,000 Shares were granted, representing approximately 0.5% of the issued share capital of the Company as at the latest practicable date. No further options will be granted under the Pre-IPO Share Option Scheme.

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

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

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

於二零一八年一月一日及十二月三十一日，購股權計劃下並無尚未行使之購股權，而截至二零一八年十二月三十一日止年度概無購股權在購股權計劃下授出、行使、註銷或失效。

#### 首次公開發售前購股權計劃

首次公開發售前購股權計劃於二零零八年十二月十日起生效。於二零一八年十二月三十一日，已授予總共14,532,000股的購股權，大約佔本公司截至最後實際可行日期已發行股份之約0.5%。概無根據首次公開發售前購股權計劃授出的其他購股權。

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

## Report of the Directors (Continued)

### 董事會報告(續)

A total of 4,200,000 pre-IPO share options were granted to two executive Directors on 8 June 2009. Of which, options to subscribe for a total of 840,000 shares held by a director resigned on 28 May 2013 were forfeited on the same date, which was partially exercised up to 31 December 2018. Movement of these share options during the year ended 31 December 2018 were as follows:

於二零零九年六月八日，公司授予兩名執行董事合共4,200,000股的首次公開發售前購股權。其中，一名董事於二零一三年五月二十八日辭任而其持有合共840,000股份購股權已於同日失效，截至二零一八年十二月三十一日，該購股權已部分被行使。這些首次公開發售前購股權截至二零一八年十二月三十一日止年度明細如下：

| Name of director     | Date of grant            | Exercise price<br>(HKD) | Number of share options<br>股份購股權數目                                |  |   |  | Outstanding<br>as at<br>31 December 2018<br>截至二零一八年<br>十二月三十一日<br>尚未行使 | Approximate<br>percentage of<br>issued share<br>capital of the<br>Company (%)<br>佔本公司<br>已發行股本的概<br>約百分比(%) | Exercise Period                                       |
|----------------------|--------------------------|-------------------------|---|--|---|--|--|---|---|
|                      |                          |                         | Outstanding<br>as at<br>1 January 2018<br>截至二零一八年<br>一月一日<br>尚未行使 | Granted<br>during<br>the year<br>於年內<br>授予數目 | Exercise<br>during<br>the year<br>於年內<br>行權數目 | Forfeited<br>during<br>the year<br>於年內<br>失效 |  |   |   |
| WONG Sin Yung<br>黃善裕 | 8 June 2009<br>二零零九年六月八日 | Par Value<br>面值         | 630,000   | —  | —   | —  | 630,000  | 0.01  | 4 July 2014 to 8 June 2019<br>二零一四年七月四日至<br>二零一八年六月八日 |
| Total<br>合計          |                          |                         | 630,000   | —  | —   | —  | 630,000  | 0.01  |   |

Apart from the above, options to subscribe for a total of 10,332,000 Shares under the Pre-IPO Share Option Scheme were granted to 40 employees of the Group on 8 June 2009. During the year under review, 67,200 share options were forfeited.

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。有67,200股股份的購股權已於回顧年度內被取消。

As at 1 January and 31 December 2018, there was a balance of unexpired and unexercised options to subscribe for 1,586,760 Shares (which was inclusive of Mr. WONG Sin Yung's share options). Except for the options which had been granted as disclosed above, no further pre-IPO share options were granted, exercised, cancelled or lapsed for the year ended 31 December 2018. Details of Pre-IPO Share Option Scheme are set out in Note 29 on pages 163 to 165 under the section headed "Notes to the Consolidated Financial Statements" in this annual report.

於二零一八年一月一日及十二月三十一日，尚未到期且並未被行使的購股權餘額為1,586,760股(包括由黃善裕先生所持有的購股權)。除了上述已經披露授出的購股權外，截至二零一八年十二月三十一日止年度概無任何公開發售前購股權授出、行使、註銷或失效。首次公開發售前購股權計劃詳見本年度報告「綜合財務報告」附註29在第163至165頁。

## Report of the Directors (Continued)

### 董事會報告(續)

#### Continuing connected transactions

For the year ended 31 December 2018, the Group had the following continuing connected transactions in accordance with Chapter 14A of the Listing Rules:

##### 1. Lease Agreement for the Group's production facilities, office premises and staff dormitory

On 1 December 2017, Bawang Guangzhou and Guangzhou Bawang entered into a lease agreement (the "**New Lease Agreement**") for the Group's production facilities, office premises and staff dormitory, which is located at Bawang Industrial Complex, 468 Guanghua 3rd Road, Baiyun District, Guangzhou, the PRC, and terminated the 2016 Production Plant Lease Agreement and the 2016 Office Premises Lease Agreement both dated 9 August 2016 with immediate effect. The New Lease Agreement is for a lease term of three years commencing on 1 December 2017 which is renewable at the option of Bawang Guangzhou by giving one month's notice prior to the expiry of the lease. The monthly rent (exclusive of management fee and other outgoings, which are payable to an independent third party management company) in aggregate is RMB719,857.56 and is fixed throughout the term of the lease. Bawang Guangzhou has been granted a right of first refusal to purchase the aforesaid premises under the New Lease Agreement. Bawang Guangzhou has a right to terminate the New Lease Agreement by giving three months' prior notice to Guangzhou Bawang. Details of the New Lease Agreement were disclosed in the Company's announcement dated 1 December 2017.

For the year ended 31 December 2018, pursuant to the New Lease Agreement, the rent paid by Bawang Guangzhou to Guangzhou Bawang was approximately RMB8.6 million.

As of 31 December 2017, Guangzhou Bawang was beneficially owned as to 20% by Mr. CHEN Zheng He, the CEO and an executive Director of the Company, and 80% by Mr. CHEN Zheng He's six brothers and sisters. The transactions contemplated under the New Lease Agreement therefore constituted continuing connected transactions for the Company.

#### 持續關連交易

根據上市規則第十四A章，截至二零一八年十二月三十一日止年度，本集團有下列關連交易：

##### 1. 本集團的生產廠房、辦公場所以及員工宿舍的租賃協議

於二零一七年十二月一日，霸王廣州就本集團的生產廠房、辦公場所以及員工宿舍和廣州霸王簽訂一份租賃協議(「**新租賃協議**」)，租用位於中國廣州市白雲區廣花三路468號霸王工業園的物業，並立即終止日期均為二零一六年八月九日的2016生產廠房租賃協議及2016辦公場所租賃協議。新租賃協議自二零一七年十二月一日起計，為期三年。根據新租賃協議，霸王廣州可於租期屆滿前一個月通知廣州霸王要求重續新租賃協議。每月租金(不包括另行支付給獨立第三方管理公司的管理費和其他費用)共人民幣719,857.56元。於租期內，每月租金固定不變。根據新租賃協議，霸王廣州獲授購買上述物業的優先權，霸王廣州亦有權提前三個月通知廣州霸王終止新租賃協議。新租賃協議的詳情於本公司日期為二零一七年十二月一日的公告中披露。

截至二零一八年十二月三十一日止年度，根據新租賃協議，霸王廣州已支付廣州霸王的租金約為人民幣8.6百萬元。

於二零一七年十二月三十一日，廣州霸王的20%股權由本公司之首席執行官及執行董事陳正鶴先生實益持有，而餘下之80%則由陳正鶴先生之六位弟妹實益持有。新租賃協議項下進行的交易因此構成本公司的持續關連交易。





## Report of the Directors (Continued)

### 董事會報告(續)

#### 2. Packaging Material Supply Agreement

The Company and Chenming Paper entered into a packaging material supply agreement on 1 June 2018, pursuant to which Chenming Paper agreed to supply packaging material to Bawang Guangzhou from time to time at prices that are reviewed regularly based on arm's length negotiations between the Group and Chenming Paper for a term of three years commencing from 1 June 2018 (the “**Packaging Material Supply Agreement**”). In determining the prevailing market rates, and to ensure that the terms of purchase of packaging materials under the Packaging Material Supply Master Agreement are no less favourable than those offered by independent third parties, the Company will obtain quotations from two or more suppliers that are independent from the Group on a regular basis (but no less frequently than once every three months to determine the prevalent market prices and terms of the supply of packaging materials in similar quantities. For details of the terms of the Packaging Material Supply Agreement, please refer to the Company's announcement dated 1 June 2018.

For the year ended 31 December 2018, pursuant to the Packaging Material Supply Agreement, the annual transaction amount for the supply of packaging material by Chenming Paper to Bawang Guangzhou was approximately RMB4.2 million.

Mr. CHEN Qiyuan is a Director. Chenming Paper is wholly owned by Mr. CHEN Qiwen, who is Mr. CHEN Qiyuan's brother. The transactions contemplated under the Packaging Material Supply Agreement therefore constitute continuing connected transactions for the Company.

#### 2. 包裝物料供應協議

本公司與晨明紙品於二零一八年六月一日訂立一份包裝物料供應協議。據此，晨明紙品同意不時向本集團以本集團與晨明紙品公平磋商定期審閱的價格供應包裝物料，自二零一八年六月一日起，為期三年（「**包裝物料供應協議**」）。為獲得現行市場價格及確保包裝材料供應主協議項下的包裝材料的採購條款不遜於由獨立第三方提供的採購條款，本公司將從兩個或以上並獨立於本集團的供應商定期（但不少於每三個月一次）查詢報價，以決定現行市價及近似數量的包裝材料供應條款。有關包裝物料供應協定的詳情，請見本公司2018年6月1日發出的公告。

截至二零一八年十二月三十一日止年度，根據包裝物料供應協議，晨明紙品向霸王廣州供應包裝物料的全年交易額約為人民幣4.2百萬元。

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

## Report of the Directors (Continued)

### 董事會報告(續)

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

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

The independent non-executive Directors have reviewed and confirmed that the above continuing connected transactions were entered into the ordinary and usual course of business of the Company, on normal commercial terms, fair and reasonable and in the interests of the Shareholders as a whole; and the respective annual caps are fair and reasonable and in the interests of the Shareholders as a whole and the transaction amounts of such continuing connected transactions did not exceed their respective annual caps for the year ended 31 December 2018.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the continuing connected transactions disclosed by the Group above in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

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

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

獨立非執行董事認為，上述非豁免持續關連交易乃於本公司的一般及日常業務過程中，按一般商業條款訂立，屬公平合理，並符合股東的整體利益，而相關年度上限為公平合理，並符合股東的整體利益且該等持續關連交易之交易金額截至二零一八年十二月三十一日止年度未有超出其各自年度上限。

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



## Report of the Directors (Continued)

### 董事會報告(續)

#### Directors' interests in contracts of significance

Other than as disclosed under the heading "Continuing connected transactions" in this annual report, no Director or an entity connected with a Director has or had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company, its holding company or any of its subsidiaries was a party which was subsisting during or at the end of the 2018 financial year.

#### Directors' and Controlling Shareholders' interest in competing business

As at 31 December 2018, none of the Directors and their respective associates (as defined in the Listing Rules) or the controlling shareholders (as defined in the Listing Rules) of the Company had any interest in a business, which competes or may compete with the business of the Group.

#### Retirement schemes

The Group participates in several defined contribution retirement plans which cover the Group's eligible employees in the PRC, and a Mandatory Provident Fund scheme for the employees in Hong Kong. Particulars of these retirement plans are set out in note 33 to the consolidated financial statements of this annual report.

#### Corporate governance

Save as disclosed in this annual report, for the year ended 31 December 2018, all the code provisions set out in the CG Code contained in Appendix 14 to the Listing Rules were met by the Company.

#### Audit and Risk Management Committee

The Audit and Risk Management Committee has reviewed the annual results of the Group for the year ended 31 December 2018 with the management of the Company and the Company's independent auditors and recommended its adoption by the Board.

#### 董事之合約權益

除於本年度報告中「持續關連交易」一段所披露外，二零一八年財政年度內或結束時仍然生效，而本公司、其控股公司或其任何附屬公司亦屬訂約方之一的重要交易、安排或合約中，無任何董事或與該董事有關連的實體仍然或曾經於其中直接或者間接有重大權益。

#### 董事及控股股東於競爭業務的權益

於二零一八年十二月三十一日，董事及其各自的聯繫人(定義見上市規則)或本公司控股股東(定義見上市規則)概無在與本集團業務構成競爭或可能構成競爭的業務中擁有任何權益。

#### 退休計劃

本集團為本集團之合資格中國員工參與多種定額供款退休計劃及為香港員工參與強制性公積金計劃，該等退休計劃之詳情載於本年度報告綜合財務報表附註33。

#### 企業管治

除本年度報告所披露者外，截至二零一八年十二月三十一日止年度，本公司已遵守上市規則附錄十四所載的企業管治守則所列的原則。

#### 審核及風險管理委員會

審核及風險管理委員會已採納與企業管治守則相一致的職責範圍。審核及風險管理委員會已與公司管理層及公司獨立核數師審閱本集團截至二零一八年十二月三十一日止之全年業績，並建議董事會將其採納。

## Report of the Directors (Continued)

### 董事會報告(續)

#### Auditors

SHINEWING (HK) CPA Limited will retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of SHINEWING (HK) CPA Limited as auditors of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board

**CHEN Qiyuan**

*Chairman*

Hong Kong, 28 March 2019

#### 核數師

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

董事會代表

**陳啟源**

*主席*

香港，二零一九年三月二十八日

# Directors and Senior Management

## 董事及高層管理人員

### Directors

During the year under review and since the appointment of Dr. Wang Qi on 17 April 2018 following the passing away of a then-independent non-executive Director, the Board consisted of six Directors, including three executive Directors and three independent non-executive Directors. The following table sets forth certain information in respect of our Directors:

| Name<br>姓名  | Age<br>年齡 | Position/Title<br>職位/職銜                                      |
|---|-----------|--|
| Mr. CHEN Qiyuan<br>陳啟源先生  | 57        | Chairman and Executive Director<br>主席兼執行董事                   |
| Mr. CHEN Zheng He<br>陳正鶴先生  | 30        | CEO and Executive Director<br>首席執行官兼執行董事                     |
| Mr. WONG Sin Yung<br>黃善榕先生  | 64        | Chief Financial Officer and Executive Director<br>首席財務官兼執行董事 |
| Dr. NGAI Wai Fung<br>魏偉峰博士  | 57        | Independent non-executive Director<br>獨立非執行董事                |
| Mr. CHEUNG Kin Wing<br>張建榮先生  | 64        | Independent non-executive Director<br>獨立非執行董事                |
| Dr. WANG Qi<br>(Appointed on 17 April 2018)<br>王琦博士<br>(於二零一八年四月十七日獲委任) | 39        | Independent non-executive Director<br>獨立非執行董事                |

### Executive Directors

**Mr. CHEN Qiyuan**, aged 57, is the co-founder of our Group, our chairman and has been our executive Director since 12 November 2007. Mr. CHEN is responsible for the overall strategic planning and management of our Group. Mr. CHEN has extensive experience in the Chinese herbal HPC product industry, having been engaged in the consumer chemical product business for over 20 years. Mr. CHEN entered into the HPC product business by establishing Guangzhou Bawang Cosmetics Co., Ltd. (the predecessor entity of the Company) in 1994. Mr. CHEN was engaged in the trading of pesticides in the PRC before the establishment of Guangzhou Bawang Cosmetics Co., Ltd.. In November of 2010, Mr. CHEN Qiyuan was recognised as the “Representative Successor of Chinese Herbal Tea Culture” by the Guangdong Provincial Bureau of Culture. In December 2013, Mr. CHEN Qiyuan had been honoured as the “Distinguished People of Yunfu City” for recognition of his contribution to the development of the city. Mr. CHEN is the father of Mr. CHEN Zheng He, an executive Director and the CEO of the Company.

### 董事

於回顧年度內，自二零一八年四月十七日委任王琦博士替代一位已身故之獨立非執行董事起，董事會由六名董事組成，包括三名執行董事及三名獨立非執行董事。下表載列關於董事的若干資料：

### 執行董事

**陳啟源先生**，57歲，為本集團共同創辦人、我們的主席，並自二零零七年十一月十二日出任我們的執行董事。陳先生負責本集團整體策略規劃及管理。陳先生從事日化產品行業方面的業務超過20年，在中草藥家用個人護理產品行業擁有豐富經驗。考慮到中國市場的家用個人護理產品業務，陳先生於一九九四年成立廣州霸王化妝品有限公司(本公司的前身實體)以進軍家用個人護理產品業務。創立廣州霸王化妝品有限公司之前，陳先生曾參與中國農藥貿易生意。二零一零年十一月，陳啟源先生被認定為涼茶傳統技藝的「廣東省非物質文化遺產項目代表性傳承人」。二零一三年十二月，陳啟源先生因其為城市作出的貢獻，被授予「雲浮傑出紳士」的榮譽稱號。陳先生是公司集團首席執行官兼執行董事陳正鶴先生的父親。

## Directors and Senior Management (Continued)

### 董事及高層管理人員(續)

**Mr. CHEN Zheng He**, aged 30, was appointed as our executive Director on 20 October 2014. Mr. CHEN joined the Group in March 2007 and has been officially appointed as a director of Bawang Guangzhou since then and started to involve in the planning of sales, marketing, advertising and promotion campaigns of Bawang Guangzhou. Mr. CHEN was appointed as the personal assistant to the chief executive officer of the Company since March 2012, mainly responsible for the daily administration and management of Bawang Guangzhou. Since mid-2013, Mr. CHEN has also been responsible for the supervision and execution of sales, marketing, advertising and promotion campaigns of Bawang Guangzhou. Mr. CHEN works closely with the chairman and the chief executive officer of the Company on formulating overall strategic plan and management of the Group, and executing strategic plans in marketing, and sales and distribution. Mr. CHEN has been appointed as the CEO and Remuneration Committee Member with effect from 9 December 2015. Mr. CHEN obtained the degree of bachelor of commerce from the University of Toronto in 2012. Mr. CHEN is the son of Mr. CHEN Qiyuan, the chairman and an executive Director of the Company.

**Mr. WONG Sin Yung**, aged 64, is our Chief Financial Officer and executive Director. Mr. WONG joined our Group in April 2008 and was appointed as our executive Director on 10 December 2008. Mr. WONG was also appointed as our Chief Financial Officer and our Company Secretary since December 2008. He is responsible for the finance management and control, accounting, auditing, company secretarial and investor relations of our Group. Prior to joining our Group, Mr. WONG was an executive director of China Ting Group Holdings Limited (03398), from 2005 to 2008, the shares of which are listed on the Stock Exchange. Mr. WONG was the chief accountant and finance manager of Mark Wong & Associates (Industrial Consultants) Limited from 1988 to 1992 and from 1994 to 2003 respectively. He also worked for a certified public accountant firm from 1992 to 1994. Mr. WONG has over 30 years experience in corporate finance, accounting, auditing, corporation administration, and project consulting. He is an associate member of Hong Kong Institute of Certified Public Accountants. Mr. WONG obtained a master's degree in human resource management from Macquarie University in 1996 and a master's degree in business administration from The University of Hong Kong in 1999.

**陳正鶴先生**，30歲，於二零一四年十月二十日獲委任為我們的執行董事。陳先生於二零零七年三月起加入本集團並自此正式被任命為霸王廣州的董事，並開始參與霸王廣州的銷售、廣告及推廣活動的策劃。陳先生於二零一二年三月起擔任公司首席執行官私人助理一職，負責廣州霸王的日常行政及管理。在二零一三年中開始，陳先生亦同時負責霸王廣州的銷售、廣告及推廣活動的監督及執行。陳先生就制訂本集團之策略性計劃及管理，及銷售、廣告及推廣計劃的執行方面均與公司主席及首席執行官緊密合作。陳正鶴先生於二零一五年十二月九日被委任擔任本公司首席執行官及薪酬委員會成員。陳先生於二零一二年獲得多倫多大學商業學士學位。陳先生是公司集團主席兼執行董事陳啟源先生的兒子。

**黃善榕先生**，64歲，為我們的首席財務官兼執行董事。黃先生於二零零八年四月加入本集團，並於二零零八年十二月十日獲委任為我們的執行董事。自二零零八年十二月起，黃先生亦被委任為我們的首席財務官及公司秘書。彼負責本集團的財務管理及監控、會計、審核、公司秘書及投資者關係。加入本集團之前，黃先生於二零零五年至二零零八年曾為華鼎集團控股有限公司(03398)(其股份於聯交所上市)的執行董事。於一九八八年至一九九二年及一九九四年至二零零三年期間，黃先生在Mark Wong & Associates (Industrial Consultants) Limited擔任總會計師及財務經理。彼亦於一九九二年在一家執業會計師事務所工作。黃先生在企業融資、會計、審核、公司管理及項目諮詢方面擁有超過30年的經驗。彼為香港會計師公會會員。黃先生於一九九六年獲麥格理大學的人力資源管理碩士學位，於一九九九年獲香港大學工商管理碩士學位。



## Directors and Senior Management (Continued)

### 董事及高層管理人員(續)

**Dr. NGAI Wai Fung**, aged 57, was appointed as our independent non-executive Director on 10 December 2008. He is currently the Chief Executive Officer of SW Corporate Services Group Limited, a specialty company and secretarial, corporate governance and compliance services provider to companies in pre-IPO and post-IPO stages. Prior to that, he was the director and head of listing services of an independent integrated corporate services provider. He has over 20 years of senior management experience including acting as the executive director, chief financial officer and company secretary, most of which are in the areas of finance, accounting, internal control and regulatory compliance, corporate governance and secretarial work for listed issuers including major red chip companies. He has led or participated in a number of significant corporate finance projects including listings, mergers and acquisitions as well as issuance of debt securities. Dr. NGAI was a member of the Working Group on Professional Services under the Economic Development Commission of The Hong Kong Special Administrative Region from January 2013 to March 2018 and a member of the Qualification and Examination Board of the Hong Kong Institute of Certified Public Accountants from January 2013 to December 2018. He is the past president of the Hong Kong Institute of Chartered Secretaries, a fellow of the Association of Chartered Certified Accountants in the United Kingdom, a member of the Hong Kong Institute of Certified Public Accountants, a fellow of the Institute of Chartered Secretaries and Administrators, a fellow of the Hong Kong Institute of Chartered Secretaries, a fellow of Hong Kong Institute of Directors, a member of Hong Kong Securities and Investment Institute, a member of the General Committee of the Chamber of Hong Kong Listed Companies and Finance Expert Consultant of the Ministry of Finance of the People's Republic of China. He obtained a doctoral degree in Finance from Shanghai University of Finance and Economics, a master's degree in corporate finance from Hong Kong Polytechnic University, a master's degree in business administration from Andrews University of Michigan and a degree of Bachelor of Laws (Honours) at University of Wolverhampton. Dr. NGAI was an independent non-executive director of Sany Heavy Equipment International Holdings Company Ltd (00631) from 2009 to 2015, China Coal Energy Company Limited (01898) from 2010 to 2017, China Railway Group Limited (00390) from 2014 to 2017 and HKBridge Financial Holdings Limited (02323) from 2016 to 2018, and is currently an independent non-executive director of SITC International Holdings Company Limited (01308), Bosideng International Holdings Limited (03998), Powerlong Real Estate Holdings Limited (01238), Beijing Capital Grand Limited (formerly known as Beijing Capital Juda Limited) (01329), Health and Happiness (H&H) International Holding Limited (formerly known as Biostime International Holdings Limited) (01112), Yangtze Optical Fibre and Cable Joint Stock Limited Company (06869), BBMG Corporation (02009), TravelSky Technology Limited (00696), and

**魏偉峰博士**，57歲，於二零零八年十二月十日獲委任為我們的獨立非執行董事。彼現任信永方圓企業服務集團有限公司的行政總裁，該公司專門為上市前及上市後的公司提供公司秘書、企業管治及合規專門服務。在此之前，彼曾擔任獨立運作綜合企業服務公司的董事兼上市服務部主管。魏博士擁有超過20年高層管理包括執行董事、財務總監及公司秘書的經驗，其中絕大部分經驗涉及上市發行人(包括大型紅籌公司)的財務、會計、內部控制及法規遵守，企業管治及公司秘書方面，彼曾領導或參與多個上市、收購合併、發債等重大企業融資項目。魏博士曾為香港特別行政區經濟發展委員會專業服務業工作小組非官守成員(二零一三年一月至二零一八年三月)、香港會計師公會專業資格及考試評議會委員會成員(二零一三年一月至二零一八年十二月)。彼為香港特許秘書公會前會長、英國特許公認會計師公會資深會員、香港會計師公會會員、特許秘書及行政人員公會資深會員及香港特許秘書公會資深會員、香港證券及投資學會會員、香港上市公司商會常務委員會成員及中國財政部會計諮詢專家。彼於分別獲得上海財經大學金融學博士學位，香港理工大學企業融資碩士學位，美國密茲根州安德魯大學工商管理碩士學位及英國華瑞漢普敦大學法律學士(榮譽)學位。魏博士於二零零九年至二零一五年擔任三一重裝國際控股有限公司(00631)的獨立非執行董事，於二零一零年至二零一七年擔任中國中煤能源股份有限公司(01898)的獨立非執行董事，於二零一四年至二零一七年擔任中國中鐵股份有限公司(00390)的獨立非執行董事及於二零一六年至二零一八年擔任港橋金融控股有限公司(02323)的獨立非執行董事。而目前為海豐國際控股有限公司(01308)、波司登國際控股有限公司(03998)、寶龍地產控股有限公司(01238)、首創鉅大有限公司(01329)、健合(H&H)國際控股有限公司(前稱為合生元國際控股有限公司)(01112)、長飛光纖光纜股份有限公司(06869)、北京金隅集團股份有限公司(02009)、中國民航信息網絡股份有限公司(00696)及中國交通建設股份有限公司

## Directors and Senior Management (Continued)

### 董事及高層管理人員(續)

China Communications Construction Company Limited (01800), the shares of which are listed on the Stock Exchange and/or the Shanghai Stock Exchange. Dr. NGAI is also an independent director of LDK Solar Co. Ltd (LDKYQ), which was previously listed on the New York Stock Exchange, and is currently listed on the OTC Pink Limited Information and SPI Energy Co., Limited (SPI), the shares of which are listed on NASDAQ.

**Mr. CHEUNG Kin Wing (張建榮先生)**, aged 64, was appointed as our independent non-executive Director on 13 November 2014. Mr. CHEUNG has over 30 years of experience in information technology, financial accounting, auditing and management. Mr. CHEUNG is a member of Hong Kong Institute of Certified Public Accountants and a fellow of the Institute of Chartered Accountants in England and Wales. Since February 1999, Mr. CHEUNG has been a director and lead consultant of Sunplex Consultants Limited, a company providing human resources management and information technology consultancy services to its clients (including government organisations and private companies). Mr. CHEUNG had been an independent director of Principal Trust Company (Hong Kong) Limited (formerly known as AXA China Region Trustees Limited) from August 1999 to August 2015 and an independent non-executive director of Bank of Communications Trustee Limited from November 2003 to January 2018. Mr. CHEUNG has been an independent non-executive director of ENM Holdings Limited (00128) since June 2016, Trio Industrial Electronics Group Limited (01710) since February 2017, and Kin Pang Holdings Limited (01722) since November 2017, companies whose shares are listed on The Stock Exchange of Hong Kong Limited. Mr. CHEUNG had held several positions, including Assistant Manager, Manager and Senior Manager between September 1980 and July 1991 in Coopers & Lybrand. Mr. CHEUNG had been a partner of Coopers & Lybrand since March 1995, and had been a partner of PricewaterhouseCoopers since Coopers & Lybrand was merged with Price Waterhouse into PricewaterhouseCoopers in October 1998 until his resignation in May 1999. Mr. CHEUNG was Director of Operations and Finance of Hong Kong Institute of Certified Public Accountants between July 2004 and April 2008 and a consultant of Hong Kong Institute of Certified Public Accountants between April 2008 and August 2008. Mr. CHEUNG obtained a Bachelor of Commerce from The University of Calgary in Canada in June 1979.

(01800)的獨立非執行董事，上述公司的股份於聯交所及/或上海證券交易所上市。魏博士同時為賽維LDK太陽能高科技有限公司(LDKYQ)(曾於紐約證券交易所上市，現於OTC Pink Limited Information上市)及SPI Energy Co., Limited (SPI)，其股份於納斯達克市場上市的獨立董事。

張建榮先生，64歲，於二零一四年十一月十三日獲委任為我們的獨立非執行董事。張先生於資訊科技、財務會計、審計及管理領域擁有超過30年經驗。張先生是香港會計師公會會員及英格蘭及威爾士特許會計師公會的資深會員。張先生自一九九九年二月起擔任輝柏顧問有限公司的董事兼首席顧問，主要為客戶(包括政府機構及私營企業)提供人力資源管理和資訊科技諮詢服務。張先生於一九九九年八月至二零一五年八月擔任信安信託(香港)有限公司(前稱為安盛信託有限公司)的獨立董事及自二零零三年十一月起至二零一八年一月擔任交通銀行信託有限公司的獨立非執行董事。張先生自二零一六年六月開始擔任安寧控股有限公司(00128)的獨立非執行董事，彼自二零一七年二月開始擔任致豐工業電子集團有限公司(01710)的獨立非執行董事及自二零一七年十一月開始擔任建鵬控股有限公司(01722)的獨立非執行董事。安寧控股有限公司，致豐工業電子集團有限公司及建鵬控股有限公司均為香港聯合交易所有限公司的上市公司。張先生於一九八零年九月至一九九一年七月期間曾在容永道會計師事務所擔任不同工作崗位，包括助理經理、經理及高級經理。張先生於一九九五年三月起擔任容永道會計師事務所的合伙人，並自一九九八年十月容永道會計師事務所與羅兵咸會計師事務所合併成羅兵咸永道會計師事務所後繼續擔任其合伙人至一九九九年五月彼離開羅兵咸永道會計師事務所為止。張先生曾於二零零四年七月至二零零八年四月期間擔任香港會計師公會的營運及財務總監及於二零零八年四月至八月期間擔任香港會計師公會顧問。張先生於一九七九年六月獲得加拿大卡爾加里大學的商學士學位。





## Directors and Senior Management (Continued)



### 董事及高層管理人員(續)

**Dr. WANG Qi (王琦博士)**, aged 39, is currently the vice director of the Dongguan Institute of Opto-electronics, Peking University. Prior to that, from 2010 to 2012, he was a research associate in the Department of Electronic and Electrical Engineering of the University of Sheffield in the United Kingdom, and also worked at Seren Photonics Ltd, a company in the United Kingdom which focuses on the development and manufacturing of semi-polar and non-polar Gallium Nitride templates. From 2012 to 2014, he was a postdoctoral research fellow in the Department of Electrical and Computer Engineering of McGill University in Canada.

Dr. WANG is a member of the Dongguan committee of the Jiusan Society, the chairman of the Songshan Lake branch of the Dongguan committee of the Jiusan Society, a vice chairman of the technological innovation promotion committee of the Dongguan Committee of the Jiusan Society, an entrepreneurship mentor of the Dongguan Business Incubation Association and a member of the Dongguan Songshan Lake High-tech Industry Development Zone Science and Technology Association. He is also the legal representative and an executive director of the Dongguan Yanyuan Technological Assets Management Company Limited. He was recognised as a special professional of Dongguan City (3rd Class Distinctive Talent) by the Office for the Administration of Talent Affairs of Dongguan City in 2017.

Dr. WANG obtained a bachelor's degree in physics (magnetism) from Lanzhou University in 2001. He studied at the Department of Physics of Peking University from 2002 to 2008. He obtained a Doctor of Philosophy in the Faculty of Engineering Department of Electronic and Electrical Engineering from the University of Sheffield in the United Kingdom in 2010.

**王琦博士**，39歲，現任北京大學東莞光電研究院副院長。在此之前，於二零一零年至二零一二年期間，彼曾擔任英國謝菲爾德大學電子工程系研究員，及任職於 Seren Photonics Ltd，一所專注開發及製造半極性和非極性氮化鎵襯底的英國公司。於二零一二年至二零一四年期間，彼曾擔任加拿大麥吉爾大學電子及電腦工程系博士後研究員。

王博士任九三學社東莞市委員會委員、九三學社東莞市委員會松山湖支社主任委員、九三學社東莞市委員會促進科技創新專門工作委員會副主任委員、東莞市科技企業孵化協會科技企業創業導師、東莞松山湖高新技術產業開發區科學技術協會委員及東莞燕園科技產業管理有限公司法定代表人及執行董事。於二零一七年，王博士獲東莞市人才工作領導小組辦公室認定為東莞市特色人才(三類特色人才)。

於二零零一年，王博士獲蘭州大學頒發理學學士學位(物理學(磁學))。於二零零二年至二零零八年期間，王博士曾就學於北京大學物理學院。於二零一零年，王博士獲英國謝菲爾德大學電子工程系頒發哲學博士學位。

# Independent Auditor's Report

## 獨立核數師報告



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

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

致霸王國際(集團)控股有限公司股東  
(於開曼群島註冊成立的有限公司)

### Opinion

We have audited the consolidated financial statements of BaWang International (Group) Holding Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) set out on pages 72 to 179, which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (the “IASB”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### Basis for Opinion

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

### 意見

我們已審計列載於第72至第179頁霸王國際(集團)控股有限公司(「貴公司」)及其子公司(以下合稱「貴集團」)的綜合財務報表，其中包括於二零一八年十二月三十一日的綜合財務狀況表，以及截至該日止年度的綜合損益表及其他全面收益表、綜合權益變動表和綜合現金流量表，以及綜合財務報表附註，包括主要會計政策概要。

我們認為，該等綜合財務報表已根據國際會計準則委員會(「國際會計準則委員會」)頒佈之國際財務報告準則(以下簡稱「國際財務報告準則」)真實而公平地反映貴集團於二零一八年十二月三十一日之財務狀況及其截至該日止年度之財務表現及綜合現金流量，並已遵循《香港公司條例》的披露需要進行適當編製。

### 意見的基礎

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

## Independent Auditor's Report (Continued)

### 獨立核數師報告(續)

#### Key Audit Matters

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

#### Valuation of trade receivables

Refer to note 21 to the consolidated financial statements and the accounting policies on pages 102 to 115.

##### The key audit matter 關鍵審核事項

As at 31 December 2018, the Group had trade receivables of approximately RMB30,653,000, representing 18% of the Group's total current assets.

於二零一八年十二月三十一日，貴集團應收賬款達約人民幣30,653,000，佔貴集團總流動資產的18%。

Allowance for impairment of trade receivables is based on lifetime expected credit losses, which is estimated by taking into account the credit loss experience, ageing of trade receivables, customers' repayment history and customers' financial position and an assessment of both current and forecast general economic conditions, all of which involve significant degree of management judgement.

應收賬款減值的撥備是基於根據信用損失的經驗，賬齡、客戶的還款歷史和客戶的財務狀況，以及對目前和預測的總體經濟狀況的評估來估計的預期使用期信用損失，所有這些都涉及管理層的重大判斷。

We have identified valuation of trade receivables as a key audit matter because the impairment assessment of trade receivables involved a significant degree of management judgement and may be subject to management bias.

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

#### 關鍵審核事項

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

#### 應收賬款的評估

參閱綜合財務報表附註21及第102至115頁的會計政策。

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

Our audit procedures were designed to challenge the assumptions and judgements of the Group's expected credit loss model on impairment assessment of trade receivables.

我們的審計程序旨在對管理層就應收賬款減值評估預期信用損失模型的假設及判斷提出質疑。

We have assessed the reasonableness of management's estimates for impairment allowance by examining the information used by management to form such judgements, including testing accuracy of the historical default data, evaluating whether the historical loss rates are appropriately adjusted based on current economic conditions and forward-looking information.

我們通過檢視管理層用以作出上述判斷的資料，包括測試歷史違約數據的準確性、評估歷史損失率有否根據現時的經濟狀況及前瞻性資料作出適當調整來評估管理層估計減值撥備的合理性。

We have also inspected cash received from debtors after year end relating to trade receivable balance as at 31 December 2018 on a sample basis.

我們還抽樣檢查了年末以後從債務人收到的及於2018年12月31日貿易應收賬款餘額有關的現金。

## Independent Auditor's Report (Continued)

### 獨立核數師報告(續)

#### Valuation of inventories

Refer to note 19 to the consolidated financial statements and the accounting policies on page 101.

#### The key audit matter 關鍵審核事項

As at 31 December 2018, the Group had inventories of approximately RMB39,610,000, which were significant to the Group's total current assets.

於二零一八年十二月三十一日，貴集團存貨達約人民幣39,610,000，佔貴集團總流動資產重要部份。

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

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

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

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

#### 存貨的減值評估

參閱綜合財務報表附註19及第101頁的會計政策。

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

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

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

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

我們還通過考慮以往撥備的使用或撥回，評估管理層計算存貨撥備的可靠性。



## Independent Auditor's Report (Continued)

### 獨立核數師報告(續)

#### Other Information

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

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

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

#### Responsibilities of Directors of the Company and Audit and Risk Management Committee for the Consolidated Financial Statements

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

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

Audit and Risk Management Committee is responsible for overseeing the Group's financial reporting process.

#### 其他資料

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

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

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

#### 董事和管治層就綜合財務報表須承擔的責任

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

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

審核及風險管理委員會須負責監督貴集團的財務報告流程。

## Independent Auditor's Report (Continued)

### 獨立核數師報告(續)

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.

#### 核數師就綜合財務報表須承擔的責任

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

本行根據《香港審計準則》進行審計的工作之一,是運用專業判斷,在整個審核過程中抱持職業懷疑態度。本行也:

- 識別和評估貴集團綜合財務報告內的重重大錯報風險(無論是否因錯誤或欺詐而導致的),設計和執行響應這些風險的審計程序,和獲取充份和適當的審計證據為發表本行的意見提供基礎。基於欺詐涉及共謀、偽造、故意遺漏、誤導性陳述或對內部控制的否決,因此未能發現由欺詐而導致重大錯報的風險是比由錯誤而導致重大錯報的風險為高。
- 瞭解與審計工作相關的內部控制以設計恰當的審計程序,但並非對貴集團的內部控制有效性發表意見。
- 評價公司董事選用會計政策的恰當性和作出會計估計和相關披露的合理性。



## Independent Auditor's Report (Continued)

### 獨立核數師報告(續)

- Conclude on the appropriateness of the Company's directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- 總結公司董事採用以持續經營為基礎的會計處理是否恰當，並根據已獲取的審核證據，總結是否對貴集團持續經營的能力構成重大疑問的事件或情況等存在重大不確定因素。倘若本行總結認為有重大不確定因素，本行需要在核數師報告中提請注意貴集團綜合財務報表內的相關資料披露，或如果相關披露不足，則修訂本行的意見。本行的結論是基於截至核數師報告日期所獲得的審核憑證。然而，未來事件或情況可能導致貴集團不再具有持續經營的能力。
- 評估貴集團綜合財務報表的整體列報、架構和內容(包括資料披露)，以及貴集團綜合財務報表及是否已公允地反映及列報相關交易及事項。
- 就貴集團內各實體或業務活動的財務資料獲得充足的審核憑證，以就綜合財務報表發表意見。本行須負責指導、監督和執行貴集團的審計工作。本行仍為本行的審核意見承擔全部責任。

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

本行就審計工作的計劃範圍和時間、在審核過程中的主要發現(包括內部控制的重大缺失)及其他事項與審核及風險管理委員會進行溝通。

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

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

## Independent Auditor's Report (Continued)

### 獨立核數師報告(續)

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

The engagement partner on the audit resulting in this independent auditor's report is Mr. Wong Hon Kei, Anthony.

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

負責此審核項目與簽發獨立核數師報告的項目合夥人為黃漢基先生。

#### **SHINEWING (HK) CPA Limited**

*Certified Public Accountants*

#### **Wong Hon Kei, Anthony**

Practising Certificate Number: P05591

Hong Kong

28 March 2019

信永中和(香港)會計師事務所有限公司

執業會計師

#### **黃漢基**

執業證書號碼：P05591

香港

二零一九年三月二十八日



# Consolidated Statement of Profit or Loss and Other Comprehensive Income

## 綜合損益及其他全面收益表

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

|   |                       | Notes<br>附註 | 2018<br>二零一八年<br>RMB'000<br>人民幣千元    | 2017<br>二零一七年<br>RMB'000<br>人民幣千元 |
|---|-----------------------|-------------|--------------------------------------|-----------------------------------|
| Revenue   | 營業額                   | 7           | 293,922                              | 264,215                           |
| Cost of sales   | 銷售成本                  |             | (156,425)                            | (136,902)                         |
| Gross profit  | 毛利                    |             | 137,497                              | 127,313                           |
| Other income  | 其他收入                  | 8           | 3,114                                | 14,162                            |
| Selling and distribution costs  | 銷售及分銷成本               |             | (113,360)                            | (93,726)                          |
| Administrative expenses   | 行政開支                  |             | (25,838)                             | (27,866)                          |
| Impairment loss recognised in respect of trade receivables                              | 貿易應收賬款之減值損失確認         | 21          | (2,196)                              | —                                 |
| Other expenses  | 其他開支                  |             | (37)                                 | (157)                             |
| Finance costs   | 財務費用                  | 9           | (376)                                | (495)                             |
| (Loss)/profit before taxation   | 所得稅前(虧損)/利潤           |             | (1,196)                              | 19,231                            |
| Taxation  | 所得稅                   | 10          | —                                    | (4)                               |
| (Loss)/profit for the year attributable to owners of the Company                        | 本公司擁有人應佔之年內(虧損)/利潤    | 11          | (1,196)                              | 19,227                            |
| Other comprehensive (expense)/income  | 其他全面(支出)/收入           |             |                                      |                                   |
| <i>Item that may be reclassified subsequently to profit or loss:</i>                    | <i>其後可重新分類至損益的項目:</i> |             |                                      |                                   |
| Exchange differences arising on translation of foreign operations                       | 海外業務換算之匯兌差額           |             | (1,784)                              | 477                               |
| Total comprehensive (expense)/income for the year attributable to owners of the Company | 本公司擁有人應佔之年內(支出)/收入總額  |             | (2,980)                              | 19,704                            |
| <b>(Loss)/earnings per share</b>  | <b>每股(虧損)/盈利</b>      | 14          |                                      |                                   |
| Basic   | 基本                    |             | RMB(0.0378)<br>cents<br>人民幣(0.0378)仙 | RMB0.6081<br>cents<br>人民幣0.6081仙  |
| Diluted   | 攤薄                    |             | RMB(0.0378)<br>cents<br>人民幣(0.0378)仙 | RMB0.6080<br>cents<br>人民幣0.6080仙  |

# Consolidated Statement of Financial Position

## 綜合財務狀況表

As at 31 December 2018 於二零一八年十二月三十一日

|                                  |               | Notes<br>附註 | 2018<br>二零一八年<br>RMB'000<br>人民幣千元 | 2017<br>二零一七年<br>RMB'000<br>人民幣千元 |
|----------------------------------|---------------|-------------|-----------------------------------|-----------------------------------|
| <b>Non-current asset</b>         | <b>非流動資產</b>  |             |                                   |                                   |
| Property, plant and equipment    | 物業、廠房及設備      | 17          | 115,021                           | 132,403                           |
| <b>Current assets</b>            | <b>流動資產</b>   |             |                                   |                                   |
| Inventories                      | 存貨            | 19          | 39,610                            | 47,581                            |
| Right to returned goods asset    | 退回存貨之權利       | 20          | 2,392                             | —                                 |
| Trade and other receivables      | 貿易及其他應收賬款     | 21          | 36,035                            | 45,458                            |
| Amounts due from related parties | 應收關聯方款項       | 34(a)       | 4,706                             | 6,947                             |
| Deposit with bank                | 銀行存款          | 22          | 20,000                            | 20,000                            |
| Bank balances and cash           | 銀行結餘及現金       | 22          | 65,483                            | 46,050                            |
|                                  |               |             | 168,226                           | 166,036                           |
| <b>Current liabilities</b>       | <b>流動負債</b>   |             |                                   |                                   |
| Trade and other payables         | 貿易及其他應付賬款     | 23          | 81,368                            | 117,439                           |
| Amounts due to related parties   | 應付關聯方款項       | 34(a)       | 2,488                             | 1,346                             |
| Contract liabilities             | 合約負債          | 24          | 7,587                             | —                                 |
| Refund liabilities               | 償還負債          | 25          | 4,164                             | —                                 |
| Bank borrowing                   | 銀行借款          | 26          | 12,550                            | —                                 |
| Income tax payables              | 應付所得稅         |             | 9,070                             | 9,070                             |
| Provision                        | 計提費用          | 27          | 338                               | 338                               |
|                                  |               |             | 117,565                           | 128,193                           |
| <b>Net current assets</b>        | <b>流動資產淨值</b> |             | 50,661                            | 37,843                            |
| <b>Net assets</b>                | <b>資產淨值</b>   |             | 165,682                           | 170,246                           |

## Consolidated Statement of Financial Position (Continued)

### 綜合財務狀況表(續)

As at 31 December 2018 於二零一八年十二月三十一日

|                             |              | Notes<br>附註 | 2018<br>二零一八年<br>RMB'000<br>人民幣千元 | 2017<br>二零一七年<br>RMB'000<br>人民幣千元 |
|-----------------------------|--------------|-------------|-----------------------------------|-----------------------------------|
| <b>Capital and reserves</b> | <b>股本及儲備</b> |             |                                   |                                   |
| Share capital               | 股本           | 28(a)       | 277,878                           | 277,878                           |
| Reserves                    | 儲備           | 28(b)       | (112,196)                         | (107,632)                         |
| <b>Total equity</b>         | <b>權益總額</b>  |             | <b>165,682</b>                    | 170,246                           |

The consolidated financial statements on pages 72 to 179 were approved and authorised for issue by the board of directors on 28 March 2019 and are signed on its behalf by:

第72至179頁面的綜合財務報表經董事會於二零一九年三月二十八日批准並由其代表簽署授權發行：

**Mr. CHEN Qiyuan**

陳啟源  
Director  
董事

**Mr. CHEN Zheng He**

陳正鶴  
Director  
董事

# Consolidated Statement of Changes in Equity

## 綜合權益變動表

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

|   |                       | Attributable to owners of the Company |               |                        |                 |                |                     |               |                    |         |
|---|-----------------------|---------------------------------------|---------------|------------------------|-----------------|----------------|---------------------|---------------|--------------------|---------|
|   |                       | 本公司權益持有人應佔                            |               |                        |                 |                |                     |               |                    |         |
|   |                       | Share capital                         | Share premium | PRC statutory reserves | Capital reserve | Merger reserve | Translation reserve | Other reserve | Accumulated losses | Total   |
|   |                       | 股本                                    | 股本溢價          | 中國法定儲備                 | 資本儲備            | 合併儲備           | 匯兌儲備                | 其他儲備          | 累計虧損               | 權益總額    |
|   |                       | RMB'000                               | RMB'000       | RMB'000                | RMB'000         | RMB'000        | RMB'000             | RMB'000       | RMB'000            | RMB'000 |
|   |                       | 人民幣千元                                 | 人民幣千元         | 人民幣千元                  | 人民幣千元           | 人民幣千元          | 人民幣千元               | 人民幣千元         | 人民幣千元              | 人民幣千元   |
|   |                       |                                       | (note 28(b))  | (note 28(b))           | (note 28(b))    | (note 28(b))   | (note 28(b))        | (note 28(b))  |                    |         |
|   |                       |                                       | (附註28(b))     | (附註28(b))              | (附註28(b))       | (附註28(b))      | (附註28(b))           | (附註28(b))     |                    |         |
| At 1 January 2017   | 於二零一七年一月一日            | 277,878                               | 1,400,650     | 49,887                 | 2,814           | 8,468          | (30,925)            | 9,421         | (1,567,651)        | 150,542 |
| Profit for the year   | 年內盈利                  | —                                     | —             | —                      | —               | —              | —                   | —             | 19,227             | 19,227  |
| Other comprehensive income for the year                           | 其他全面收入                | —                                     | —             | —                      | —               | —              | —                   | —             | —                  | —       |
| Exchange differences arising on translation of foreign operations | 海外業務換算之匯兌差異           | —                                     | —             | —                      | —               | —              | 477                 | —             | —                  | 477     |
| Total comprehensive income for the year                           | 年內全面收入總額              | —                                     | —             | —                      | —               | —              | 477                 | —             | 19,227             | 19,704  |
| At 31 December 2017   | 於二零一七年十二月三十一日         | 277,878                               | 1,400,650     | 49,887                 | 2,814           | 8,468          | (30,448)            | 9,421         | (1,548,424)        | 170,246 |
| At 1 January 2018   | 於二零一八年一月一日            | 277,878                               | 1,400,650     | 49,887                 | 2,814           | 8,468          | (30,448)            | 9,421         | (1,548,424)        | 170,246 |
| Adjustment on adoption of IFRS 9 (note 2)                         | 採用國際財務報告準則第9號的調整(附註2) | —                                     | —             | —                      | —               | —              | —                   | —             | (1,584)            | (1,584) |
| At 1 January 2018, as restated                                    | 於二零一八年一月一日，如重列        | 277,878                               | 1,400,650     | 49,887                 | 2,814           | 8,468          | (30,448)            | 9,421         | (1,550,008)        | 168,662 |
| Loss for the year   | 年內虧損                  | —                                     | —             | —                      | —               | —              | —                   | —             | (1,196)            | (1,196) |
| Other comprehensive expense for the year                          | 其他全面支出                | —                                     | —             | —                      | —               | —              | —                   | —             | —                  | —       |
| Exchange differences arising on translation of foreign operations | 海外業務換算之匯兌差異           | —                                     | —             | —                      | —               | —              | (1,784)             | —             | —                  | (1,784) |
| Total comprehensive expense for the year                          | 年內全面支出總額              | —                                     | —             | —                      | —               | —              | (1,784)             | —             | (1,196)            | (2,980) |
| At 31 December 2018   | 於二零一八年十二月三十一日         | 277,878                               | 1,400,650     | 49,887                 | 2,814           | 8,468          | (32,232)            | 9,421         | (1,551,204)        | 165,682 |

# Consolidated Statement of Cash Flows

## 綜合現金流量表

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

|  |                    | 2018<br>二零一八年<br>RMB'000<br>人民幣千元 | 2017<br>二零一七年<br>RMB'000<br>人民幣千元 |
|--|--------------------|-----------------------------------|-----------------------------------|
| <b>OPERATING ACTIVITIES</b>  | <b>經營活動</b>        |                                   |                                   |
| (Loss)/profit before taxation  | 稅前(虧損)/利潤          | (1,196)                           | 19,231                            |
| Adjustments for:   | 就下列作出調整：           |                                   |                                   |
| Bank interest income   | 銀行利息收入             | (448)                             | (379)                             |
| Government grants received   | 政府補助               | (1,117)                           | (2,741)                           |
| Allowance for inventories  | 存貨跌價               | 2,220                             | 112                               |
| Depreciation of property, plant and equipment  | 物業、廠房及設備折舊         | 19,787                            | 17,159                            |
| Finance costs  | 融資成本               | 376                               | 495                               |
| Impairment loss/(reversal of impairment loss) recognised in respect of trade receivables | 貿易應收款項之減值損失確認/(撥回) | 2,196                             | (5,136)                           |
| Loss on disposals of property, plant and equipment                                       | 處置物業、廠房及設備損失       | 37                                | 34                                |
| Obsolete inventories written-off   | 逾期存貨報廢             | 2,421                             | 3,370                             |
| Reversal of over provision of other payable in prior year                                | 以前年度其他應付款超額計提之撥回   | (179)                             | —                                 |
| Write-back of trade and other payables   | 貿易及其他應付款撥回         | —                                 | (4,947)                           |
| Operating cash flows before working capital changes                                      | 營運資金變動前之經營資金流量     | 24,097                            | 27,198                            |
| Increase in inventories  | 存貨增加               | (5,976)                           | (8,779)                           |
| Decrease in right to returned goods asset  | 退回存貨之權利減少          | 6,914                             | —                                 |
| Decrease in trade and other receivables  | 貿易及其他應收款項減少        | 5,642                             | 25,262                            |
| Decrease in amounts due from related parties   | 應收關聯方款項減少          | —                                 | 1,128                             |
| Decrease in trade and other payables   | 貿易及其他應付款項減少        | (3,041)                           | (2,250)                           |
| Increase in amounts due to related parties   | 應付關連方款項增加          | 1,142                             | 686                               |
| Decrease in contract liabilities   | 合同負債減少             | (8,649)                           | —                                 |
| Decrease in refund liabilities   | 償還負債減少             | (12,582)                          | —                                 |
| Decrease in provision  | 計提費用減少             | —                                 | (2,165)                           |
| <b>NET CASH FROM OPERATING ACTIVITIES</b>  | <b>經營活動產生的現金淨額</b> | <b>7,547</b>                      | <b>41,080</b>                     |

## Consolidated Statement of Cash Flows (Continued)

### 綜合現金流量表(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

|  |                               | 2018<br>二零一八年<br>RMB'000<br>人民幣千元 | 2017<br>二零一七年<br>RMB'000<br>人民幣千元 |
|--|-------------------------------|-----------------------------------|-----------------------------------|
| <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                    | (2,289)                           | (14,952)                          |
| Repayment from related companies   | 來自關聯方還款                       | 2,241                             | —                                 |
| Bank interest received   | 已收銀行利息                        | 449                               | 379                               |
| Proceeds from disposals of property, plant and equipment                                 | 處置物業、廠房及設備的所得款項               | 38                                | 4                                 |
| Withdrawal of pledged bank deposits  | 提取已抵押銀行存款                     | —                                 | 10                                |
| <b>NET CASH FROM/(USED IN) INVESTING ACTIVITIES</b>                                      | <b>投資活動產生/(所用)的現金淨額</b>       | <b>439</b>                        | <b>(14,559)</b>                   |
| <b>FINANCING ACTIVITIES</b>  | <b>融資活動</b>                   |                                   |                                   |
| New bank borrowing raised  | 新增銀行借款                        | 12,550                            | 3,825                             |
| Government grants received   | 政府補助金                         | 1,117                             | 2,741                             |
| Interest paid  | 已付利息                          | (376)                             | (495)                             |
| Repayments of bank borrowing   | 償還銀行借款                        | —                                 | (9,435)                           |
| <b>NET CASH FROM/(USED IN) FINANCING ACTIVITIES</b>                                      | <b>融資活動產生/(所用)的現金淨額</b>       | <b>13,291</b>                     | <b>(3,364)</b>                    |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>   | <b>現金及現金等價物增加淨額</b>           | <b>21,277</b>                     | <b>23,157</b>                     |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>                                | <b>於年初之現金及現金等價物</b>           | <b>46,050</b>                     | <b>22,312</b>                     |
| <b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES</b>   | <b>匯率變動影響</b>                 | <b>(1,844)</b>                    | <b>581</b>                        |
| <b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR, representing bank balances and cash</b> | <b>於年終之現金及現金等價物，即指銀行結存及現金</b> | <b>65,483</b>                     | <b>46,050</b>                     |



# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

### 1. General and Basis of Preparation of Consolidated Financial Statements

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

The address of the registered office is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the principal place of business is at Bawang Industrial Park, 468 Guanghua 3rd Road, Baiyun District, Guangzhou, 510450, the People’s Republic of China (the “PRC”).

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

The functional currency of the Company is Hong Kong dollars (“HK\$”). The consolidated financial statements are presented in Renminbi (“RMB”), which is the functional currency of the primary economic environment in which the principal subsidiaries of the Group operate in the PRC.

### 1. 一般資料及綜合財務報表之編製基準

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%股權由本公司之首席執行官及執行董事陳正鶴先生實益持有，而餘下之78.00%則由陳正鶴先生之六位弟妹實益持有；(2) 25.72%由本公司的董事會主席陳啟源先生擁有；及(3) 24.71%由本公司前任董事和前任首席執行官萬玉華女士擁有(統稱「控股股東」)。二零一八年七月十六日，萬玉華女士已經將她在Fortune Station的24.71%的股權轉讓給了陳啟源先生。

本公司註冊辦事處的地址為Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands，主要營業地點為中華人民共和國(「中國」)廣州市白雲區廣花三路468號霸王工業園，郵編510450。

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

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

## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

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

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

|                      |   |
|----------------------|---|
| IFRS 9               | Financial Instruments   |
| IFRS 15              | Revenue from Contracts with Customers and related Amendments          |
| IFRIC 22             | Foreign Currency Transactions and Advance Consideration               |
| Amendments to IFRS 2 | Classification and Measurement of Share-based Payment Transactions    |
| Amendments to IFRS 4 | Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts |
| Amendments to IAS 28 | As part of Annual Improvements to IFRSs 2014–2016 Cycle               |
| Amendments to IAS 40 | Transfers of Investment Property                                      |

The impact of the adoption of IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers have been summarised below. The application of other new and amendments to IFRSs in the current year has had no material effect on the Group’s financial performance and position for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

#### 2. 應用新訂及經修訂國際財務報告準則(「國際財務報告準則」)

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

|                   |                                   |
|-------------------|-----------------------------------|
| 國際財務報告準則第9號       | 金融工具                              |
| 國際財務報告準則第15號      | 來自客戶合約之收益和相關修訂                    |
| 國際財務報告準則詮釋委員會第22號 | 外匯交易和預付考慮                         |
| 國際財務報告準則第2號之修訂本   | 股份支付交易的分類與計量                      |
| 國際財務報告準則第4號之修訂本   | 適用國際財務報告準則第9號金融工具跟國際財務報告準則第4號保險合同 |
| 國際會計準則第28號之修訂本    | 國際財務報告準則之年度改進部分(二零一四年至二零一六年周期)    |
| 國際會計準則第40號之修訂本    | 投資性房地產轉讓                          |

應用國際財務報告準則第9號金融工具和國際財務報告準則第15號來自客戶合約之收益的影響概述如下。於本年度應用其他新訂及經修訂的國際財務報告準則對本集團於本年度及過往年度的財務表現及狀況及/或綜合財務報表當中所載披露並無重大影響。





## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

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

### IFRS 15 Revenue from Contracts with Customers

IFRS 15 superseded IAS 11 Construction Contracts, IAS 18 *Revenue* and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard established a five-step model for determining whether, how much and when revenue is recognised. The Group has elected to adopt the modified retrospective approach for contracts with customers that are not completed as at the date of initial application (i.e. 1 January 2018) with the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of accumulated losses and comparative information is not restated. Accordingly, certain comparative information may not be comparable as comparative information was prepared under IAS 18 *Revenue*. Details are described below.

The Group’s accounting policies for its revenue streams are disclosed in detail in note 3 below.

The transition to IFRS 15 had no significant impact on the accumulated losses at 1 January 2018.

## 2. 應用新訂及經修訂國際財務報告準則(「國際財務報告準則」)(續)

### 國際財務報告準則第15號客戶合約收入

國際財務報告準則第15號取代了國際會計準則第11號建築合同及國際會計準則第18號收入及相關解釋，適用於所有與客戶簽訂的合同產生的收入，屬於其他標準範圍的合同除外。新標準建立了一個五步模型，用於確定與否，確認多少以及何時確認收入。本集團已決定對在首次申請之日(即2018年1月1日)尚未完成的與客戶的合同採用修改後的追溯方法，初始申請國際財務報告準則第15號的累計影響作為對期初餘額的調整，累計損失和比較資料不予重列。因此，某些比較信息與根據國際會計準則第18號收入編製的比較信息可能不具有可比性。細節如下所述。

本集團有關其收入來源的會計政策詳列於下文附註3。

國際財務報告準則第15號的過渡對截至2018年1月1日止的累計虧損沒有顯著影響。

## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

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

##### IFRS 15 Revenue from Contracts with Customers (Continued)

The amount of adjustment for each financial statement line item of the consolidated statement of financial position at 1 January 2018 affected by the application of IFRS 15 is illustrated below. Line items that were not affected by the changes have not been included.

#### 2. 應用新訂及經修訂國際財務報告準則(「國際財務報告準則」)(續)

##### 國際財務報告準則第15號客戶合約收入(續)

截至2018年1月1日止財務狀況綜合報表中受國際財務報告準則第15號適用影響的各財務報表行項目的調整金額如下，不受更改影響的行項目沒有包括在內。

|                               |             |         | Carrying amounts previously reported as at 31 December 2017 | Impact on adoption of IFRS 15 – Reclassification | Carrying amounts as restated as at 1 January 2018 |
|-------------------------------|-------------|---------|---|--|---|
|                               |             | Notes   | 截至2017年12月31日的賬面金額<br>RMB'000<br>人民幣千元                      | 應用國際財務報告準則第15號重新分類的影響<br>RMB'000<br>人民幣千元        | 截至2018年1月1日的賬面金額<br>RMB'000<br>人民幣千元              |
| <b>Current assets</b>         | <b>流動資產</b> |         |   |  |   |
| Inventories                   | 存貨          | (a)     | 47,581  | (9,306)  | 38,275  |
| Right to returned goods asset | 退回存貨之權利資產   | (a)     | —   | 9,306  | 9,306   |
| <b>Current liabilities</b>    | <b>流動負債</b> |         |   |  |   |
| Trade and other payables      | 貿易及其他應付款項   | (a)&(b) | 117,439   | (32,982)   | 84,457  |
| Refund liabilities            | 償還負債        | (a)     | —   | 16,746   | 16,746  |
| Contract liabilities          | 合約負債        | (b)     | —   | 16,236   | 16,236  |



## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

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

### IFRS 15 Revenue from Contracts with Customers (Continued)

- (a) The Group provides customers with a right to return the goods within a specified period, the Group previously estimated expected returns using a probability-weighted average amount approach similar to the expected value method under IFRS 15. Prior to adoption of IFRS 15, the amount of revenue related to the expected returns was deferred and recognised in the consolidated statement of financial position within trade and other payables with a corresponding adjustment to cost of sales. The initial carrying amount of goods expected to be returned was included within inventories.

Under IFRS 15, the consideration received from the customer is variable because the contract allows the customer to return the goods. The Group uses the expected value method to estimate the goods that will be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The Group applies the requirements in IFRS 15 on constraining estimates of variable consideration to determine the amount of variable consideration that can be included in the transaction price. The Group presents a refund liability and a right to returned goods asset separately in the consolidated statement of financial position.

Upon adoption of IFRS 15, the Group reclassified the provision for the right of return from trade and other payables to refund liabilities and the related return asset from inventories to right to returned goods asset.

## 2. 應用新訂及經修訂國際財務報告準則(「國際財務報告準則」)(續)

### 國際財務報告準則第15號客戶合約收入(續)

- (a) 本集團為某些客戶提供在指定期限內退貨的權利，本集團先前使用概率加權平均金額方法估計預期退貨，類似於國際財務報告準則第15號下的期望值法。在應用國際財務報告準則第15號之前，與預期收益相關的收入被遞延並重新計入貿易及其他應付款的綜合財務狀況表中，並根據銷售成本進行相應調整。預計將被退回的貨物的初始賬面金額已包括在存貨中。

根據國際財務報告準則第15號，來自客戶的對價是可變的，因為合同允許某些客戶退貨。本集團使用期望值法來估計將被退回的貨物，因為該方法最能預測本集團有權獲得的可變對價的數量。本集團適用國際財務報告準則第15號關於約束變量對價估計值的要求，以確定可包含在交易價格中的變量對價的數量。本集團在綜合財務狀況報表中分別列出償還負債和退回存貨之權利。

在應用國際財務報告準則第15號後，本集團將退貨減值撥備和其他應付款重分類為償還負債科目以及將相關的庫存退貨資產重分類為退回存貨之權利。

## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

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

### IFRS 15 Revenue from Contracts with Customers (Continued)

- (b) At the date of initial application, an amount of RMB16,236,000 related to advance consideration received from customers in accordance with sales contracts was included in trade and other payables. The balance was reclassified to contract liabilities upon application of IFRS 15 as it represented the Group’s performance obligation to transfer goods in the future.

### Disclosure of the estimated impact on the amounts reported in respect of the year ended 31 December 2018 as a result of the adoption of IFRS 15 on 1 January 2018

The following tables summarise the impacts of applying IFRS 15 on the consolidated statement of profit or loss for the current year and the consolidated statement of financial position at 31 December 2018, by comparing the amounts reported under IAS 18 that were in effect before the change. Line items that were not affected by the adjustments have not been included. The adoption of IFRS 15 did not have material impact on the Group’s operating, investing and financing cash flows.

*Impact on the consolidated statement of profit or loss for the year ended 31 December 2018*

|                                |           |      | As reported             | Impact of adopting IFRS 15                    | Amounts excluding impact of adopting IFRS 15            |
|--------------------------------|-----------|------|-------------------------|---|---|
|                                |           | Note | 報告數<br>RMB'000<br>人民幣千元 | 應用國際<br>財務報告準則<br>第15號的影響<br>RMB'000<br>人民幣千元 | 不包括應用<br>國際財務報告<br>準則第15號的<br>影響的金額<br>RMB'000<br>人民幣千元 |
| Revenue                        | 營業額       | (a)  | 293,922                 | 723   | 294,645   |
| Selling and distribution costs | 銷售及分銷成本費用 | (a)  | (113,360)               | (723)   | (114,083)   |

## 2. 應用新訂及經修訂國際財務報告準則(「國際財務報告準則」)(續)

### 國際財務報告準則第15號客戶合約收入(續)

- (b) 在首次申請之日，貿易和其他應付款中包括與客戶根據銷售合同收取的預付款有關的人民幣16,236,000元。根據國際財務報告準則第15號的規定，該餘額被重分類為合同負債，因為它代表了集團在未來轉移貨物所要履行的義務。

### 披露因2018年1月1日應用國際財務報告準則第15號而對2018年12月31日年度報告金額的估計影響

下表闡述了應用國際財務報告準則第15號對綜合損益表對本年度之影響，通過比較國際會計準則第18條規定的變更前生效的金額，截至2018年12月31日止的綜合財務狀況報表沒有產生重大影響。不受調整影響的項目沒有包括在內。應用國際財務報告準則第15號對本年度經營、投資和融資現金流沒有產生重大影響。

*對截至2018年12月31日止年度綜合損益表的影響*

## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

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

##### IFRS 15 Revenue from Contracts with Customers (Continued)

Disclosure of the estimated impact on the amounts reported in respect of the year ended 31 December 2018 as a result of the adoption of IFRS 15 on 1 January 2018 (Continued)

Impact on the consolidated statement of financial position at 31 December 2018

#### 2. 應用新訂及經修訂國際財務報告準則(「國際財務報告準則」)(續)

##### 國際財務報告準則第15號客戶合約收入(續)

披露因2018年1月1日應用國際財務報告準則第15號而對2018年12月31日年度報告金額的估計影響(續)

對截至2018年12月31日止綜合財務狀況表的影響

|                               |             | As reported<br>報告數<br>RMB'000<br>人民幣千元 | Impact of<br>adopting<br>IFRS 15<br>應用國際<br>財務報告準則<br>第15號的影響<br>RMB'000<br>人民幣千元 | Amounts<br>excluding<br>impact of<br>adopting<br>IFRS 15<br>不包括應用<br>國際財務報告<br>準則第15號的<br>影響的金額<br>RMB'000<br>人民幣千元 |
|-------------------------------|-------------|--|---|---|
| <b>Current assets</b>         | <b>流動資產</b> |  |   |   |
| Inventories                   | 存貨          | 39,610                                 | 2,392   | 42,002  |
| Right to returned goods asset | 退回存貨之權利     | 2,392                                  | (2,392)   | —   |
| <b>Current liabilities</b>    | <b>流動負債</b> |  |   |   |
| Trade and other payables      | 貿易及其他應付賬款   | 81,368                                 | 11,751  | 93,119  |
| Contract liabilities          | 合約負債        | 7,587                                  | (7,587)   | —   |
| Refund liabilities            | 償還負債        | 4,164                                  | (4,164)   | —   |

(a) The application of IFRS 15 resulted in the consideration payable to a customer recorded as a reduction of the arrangement's transaction price, thereby reducing the amount of revenue recognised, unless the payment is for distinct good or service received from the customer. As a result, revenue and selling and distribution costs for the year ended 31 December 2018 reduced by RMB723,000.

(a) 應用國際財務報告準則第15號可能會導致應付給客戶的對價被記為安排交易價格的減少，從而減少已收入確認的金額，該付款用於支付從客戶收到的明確貨品或服務除外。因此，截止2018年12月31日年度止，營業額、銷售和分銷成本下降了72.3萬元。

## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

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

### IFRS 9 Financial instruments

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The Group has applied IFRS 9 retrospectively to financial instruments that have not been derecognised at the date of initial application (i.e. 1 January 2018) in accordance with the transition provisions under IFRS 9, and chosen not to restate comparative information. Differences in the carrying amounts of financial assets and financial liabilities on initial application are recognised in accumulated losses as at 1 January 2018.

The Group’s accounting policies for the classification and measurement of financial instruments and the impairment of financial assets are disclosed in detail in note 3 below.

### Classification and measurement of financial instruments

The Directors reviewed and assessed the Group’s existing financial assets as at 1 January 2018 based on the facts and circumstances that existed at that date and concluded that all recognised financial assets and financial liabilities that are within the scope of IFRS 9 are continued to measure at amortised cost as were previously measured under IAS 39.

### Loss allowance for expected credit losses (“ECL”)

The adoption of IFRS 9 has changed the Group’s accounting for impairment losses for financial assets by replacing IAS 39’s incurred loss model with a forward-looking ECL approach. As at 1 January 2018, the Directors reviewed and assessed the Group’s existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirement of IFRS 9.

As at 1 January 2018, an additional allowance on the Group’s trade receivables of approximately RMB1,584,000 has been recognised, thereby increasing the opening accumulated losses of approximately RMB1,584,000.

## 2. 應用新訂及經修訂國際財務報告準則(「國際財務報告準則」)(續)

### 國際財務報告準則第9號金融工具

國際財務報告準則第9號取代國際會計準則第39號有關金融資產和金融負債的確認、分類和計量、金融工具的撤銷確認、金融資產減值和對沖會計的規定。根據國際財務報告準則第9號下的過渡條款，本集團已將國際財務報告準則第9號追溯適用於在首次申請之日(即2018年1月1日)尚未重新確認的金融工具，並選擇不重列比較信息。首次申請時金融資產和金融負債賬面價值的差異將計入2018年1月1日累計虧損中。

本集團有關於金融工具分類和計量以及金融資產減值的會計政策詳列於下文附註3。

### 金融工具的分類和計量

董事審查和評估本集團於2018年1月1日的金融資產基於在國際財務報告準則第9號範圍內的重新計量的金融資產和金融負債，將繼續根據先前國際會計準則第39號攤銷成本計量。

### 預期信用損失撥備(「ECL」)

應用國際財務報告準則第9號以前瞻性的ECL方法取代國際會計準則第39號的已發生的損失模型，改變了集團對金融資產減值損失的會計核算。截至2018年1月1日止，董事們根據國際財務報告準則第9號的要求，使用合理且可支持的信息，對集團現有的金融資產進行了減值審查和評估。

截至2018年1月1日止，本集團已確認貿易應收款項額外撥備約人民幣1,584,000元，從而使得累計經營虧損增加約人民幣1,584,000元。

## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

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

### IFRS 9 Financial instruments (Continued)

#### Loss allowance for expected credit losses (“ECL”) (Continued)

The following table shows the adjustment recognised for each individual line item. Line items that were not affected by the changes have not been included. Further details are disclosed in note 21 to the consolidated financial statements.

## 2. 應用新訂及經修訂國際財務報告準則(「國際財務報告準則」)(續)

### 國際財務報告準則第9號金融工具(續)

#### 預期信用損失撥備(「ECL」)(續)

下表顯示了每個單獨行項目的調整，未受影響的行項目未列入。

|                                       | Carrying amount<br>previously<br>reported as at<br>31 December<br>2017<br>截至2017年<br>12月31日止<br>先前已報告<br>的賬面值<br>RMB'000<br>人民幣千元 | Adoption of<br>IFRS 9 –<br>Remeasurement<br>採用國際財務<br>報告準則第9號<br>的再測量值<br>RMB'000<br>人民幣千元 | Carrying<br>amount as at<br>1 January<br>2018<br>截至2018年<br>1月1日止<br>賬面值<br>RMB'000<br>人民幣千元 |
|---------------------------------------|---|--|--|
| Trade and other receivables 貿易及其他應收賬款 | 45,458  | (1,584)  | 43,874   |

#### Impact on accumulated losses

The impact of transition to IFRS 9 on accumulated losses is as follows:

#### 對累計虧損的影響

向國際財務報告準則第9號過渡對累計虧損的影響如下：

|  |                                    | Accumulated<br>losses<br>累計虧損<br>RMB'000<br>人民幣千元 |
|--|------------------------------------|---|
| Balance as at 31 December 2017 under IAS 39                              | 根據國際會計準則第39號，<br>截至2017年12月31日止的餘額 | 1,548,424   |
| Recognition of expected credit losses for trade receivables under IFRS 9 | 根據國際財務報告準則第9號，<br>確認貿易應收賬款的預期信用損失  | 1,584   |
| Balance as at 1 January 2018 under IFRS 9                                | 根據國際財務報告準則第9號，<br>截至2018年1月1日止的餘額  | 1,550,008   |

## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

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

### New and revised IFRSs issued but not yet effective

The Group has not early applied the following new and amendments to IFRSs and interpretation that have been issued but are not yet effective:

|                                  |  |
|----------------------------------|--|
| IFRS 16                          | Leases <sup>1</sup>  |
| IFRS 17                          | Insurance Contracts <sup>3</sup>   |
| Amendments to IFRS 3             | Definition of a Business <sup>5</sup>  |
| Amendments to IFRS 9             | Prepayment Features with Negative Compensation <sup>1</sup>  |
| Amendments to IFRS 10 and IAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup> |
| Amendments to IAS 1 and IAS 8    | Definition of Material <sup>2</sup>  |
| Amendments to IAS 19             | Plan Amendment, Curtailment or Settlement <sup>1</sup>   |
| Amendments to IAS 28             | Long-term Interests in Associates and Joint Ventures <sup>1</sup>                                  |
| Amendments to IFRSs              | Annual Improvements to IFRSs 2015–2017 Cycle <sup>1</sup>  |
| IFRIC 23                         | Uncertainty over Income Tax Treatments <sup>1</sup>  |

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2019

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2020

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2021

<sup>4</sup> Effective for annual periods beginning on or after a date to be determined

<sup>5</sup> Effective for business combination and asset acquisition for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020

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

## 2. 應用新訂及經修訂國際財務報告準則(「國際財務報告準則」)(續)

### 已頒佈但尚未生效的新訂及經修訂國際財務報告準則

本集團並未提前應用下列已頒佈但尚未生效的新訂及經修訂國際財務報告準則。

|                                 |   |
|---------------------------------|---|
| 國際財務報告準則第16號                    | 租賃 <sup>1</sup>                           |
| 國際財務報告準則第17號                    | 保險合同 <sup>3</sup>                         |
| 國際財務報告準則第3號之修訂本                 | 業務的定義 <sup>5</sup>                        |
| 國際財務報告準則第9號之修訂本                 | 預付特性與負補償 <sup>1</sup>                     |
| 國際財務報告準則第10號之修訂本跟國際會計準則第28號之修訂本 | 投資者與其合夥人或合資企業之間的資產出售或捐贈 <sup>4</sup>      |
| 國際會計準則第1號之修訂本跟第8號之修訂本           | 重要性定義 <sup>2</sup>                        |
| 國際會計準則第19號之修訂本                  | 計劃修改、縮減或結算 <sup>1</sup>                   |
| 國際會計準則第28號之修訂本                  | 於聯營公司及合營公司的長期權益 <sup>1</sup>              |
| 國際財務報告準則之修訂本                    | 國際財務報告準則之年度改進(二零一五年至二零一七年週期) <sup>1</sup> |
| 國際財務報告準則詮釋委員會第23號               | 所得稅處理的不確定性 <sup>1</sup>                   |

<sup>1</sup> 2019年1月1日或之後開始之年度期間生效

<sup>2</sup> 2020年1月1日或之後開始之年度期間生效

<sup>3</sup> 2021年1月1日或之後開始之年度期間生效

<sup>4</sup> 生效日期尚未確定

<sup>5</sup> 適用於收購日期在自2020年1月1日起或之後的首個年度期初之後的企業合併和資產收購

董事們預計，除下文所述外，其他新的和修訂的國際財務報告準則的實施將不會對本集團的業績和財務狀況產生實質性影響。





## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

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

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

#### IFRS 16 Leases

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

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

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

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

## 2. 應用新訂及經修訂國際財務報告準則(「國際財務報告準則」)(續)

### 已頒佈但尚未生效的新訂及經修訂國際財務報告準則(續)

#### 國際財務報告準則第16號租賃

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

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

於租賃開始日期，承租人須按成本確認使用權資產，包括租賃負債之初始計量金額，加上於開始日期或之前向出租人作出之任何租賃付款，扣除任何已收取之租賃優惠、初始估計修復成本及承租人所產生之任何初始直接成本。租賃負債初步按於租賃付款尚未支付當日之現值確認。

其後，使用權資產按成本減任何累計折舊及任何累計減值虧損計量，並就任何租賃負債之重新計量作出調整。租賃負債之其後計量方式為透過增加賬面值以反映租賃負債之利息、透過削減賬面值以反映所作出之租賃付款，以及透過重新計量賬面值以反映任何重新評估或租賃修訂或反映經修訂之實質固定租賃付款。使用權資產之折舊及減值費用(如有)將按照國際會計準則第16號物業、廠房及設備之規定計入損益，而租賃負債之應計利息將於損益內扣除。

## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

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

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

#### IFRS 16 Leases (Continued)

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

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

As at 31 December 2018, the Group has non-cancellable operating lease commitments of RMB17,156,000 as disclosed in note 31. A preliminary assessment indicates that these arrangements will meet the definition of a lease under IFRS 16, and hence the Group will recognise right-of-use assets and corresponding liabilities in respect of all these leases unless they are exempt from the reporting obligations under IFRS 16. The Directors expect that, apart from the changes in the measurement, presentation and disclosure as indicated above, the adoption of IFRS 16 will not have other material impact on amounts reported in the Group’s consolidated financial statements.

## 3. Significant Accounting Policies

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

## 2. 應用新訂及經修訂國際財務報告準則(「國際財務報告準則」)(續)

### 已頒佈但尚未生效的新訂及經修訂國際財務報告準則(續)

#### 國際財務報告準則第16號租賃(續)

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

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

截至2018年12月31日止，本集團已做出不可撤銷的經營租賃承諾，金額為人民幣17,156,000元如附註引列示。初步評估顯示，這些安排將符合國際財務報告準則第16號下租賃的定義，其中本集團將會確認使用權資產及相應租賃負債，除非根據國際財務報告準則第16號有關租賃獲豁免申報責任則作別論。本公司董事預計，除上述關於計量、呈列及披露之變動外，採納國際財務報告準則第16號將不會對本集團綜合財務報表所匯報之金額造成其他重大影響。

## 3. 主要會計政策

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



## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

#### 3. Significant Accounting Policies (Continued)

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

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

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

The principal accounting policies are set out below.

##### **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries.

Control is achieved where the Group has: (i) the power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the Group's returns.

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

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

#### 3. 主要會計政策(續)

綜合財務報表按歷史成本基準而編製。

歷史成本通常基於就交換貨品而支付代價的公允價值。

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

主要會計政策載列如下:

##### **綜合賬目之基準**

綜合財務報表包括本公司及受其控制實體(即其子公司)的財務報表。

控制乃指本集團擁有:(i)權力支配被投資方;(ii)藉對被投資方的參與而有權改變由其獲取的回報;及(iii)藉對該被投資方行使權力而有能力影響本集團回報。

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

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

## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

### 3. Significant Accounting Policies (Continued)

#### Basis of consolidation (Continued)

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

Profit or loss and each component of other comprehensive income of subsidiaries are attributed to the owners of the Company. Total comprehensive income of subsidiaries is attributed to the owners of the Company.

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

#### Revenue recognition

##### Policy applicable to the year ended 31 December 2018 (with application of IFRS 15)

Revenue is recognised to depict the transfer of promised goods to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods. Specifically, the Group uses a 5-step approach to revenue recognition:

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

### 3. 主要會計政策(續)

#### 綜合賬目之基準(續)

附屬公司之收入及開支自本集團取得控制權之日起至本集團失去控制權之日計入綜合損益表的其他全面收益中。

損益及其他全面收益之各項目歸屬於本公司擁有人附屬公司之全面收益總額易歸屬於本公司擁有人。

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

#### 收入確認

##### 適用於截至2018年12月31日止年度政策(應用國際財務報告準則第15號)

收入確認用以描述向客戶轉讓約定貨物的金額，該金額反映了實體預期有權以該等貨物換取的對價。具體來說，該集團採用5個步驟來確認收入：

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



## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

### 3. Significant Accounting Policies (Continued)

#### Revenue recognition (Continued)

##### Policy applicable to the year ended 31 December 2018 (with application of IFRS 15) (Continued)

The Group recognised revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods underlying the particular performance obligation is transferred to customers.

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

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

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

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

Revenue is measured based on the consideration specified in a contract with a customer, excludes amounts collected on behalf of third parties, discounts and sales related taxes.

### 3. 主要會計政策(續)

#### 收入確認(續)

##### 適用於截至2018年12月31日止年度政策(應用國際財務報告準則第15號)(續)

當(或於)滿足履約義務時,本集團確認收入,即於特定履約義務的相關商品或服務的「控制權」轉讓予客戶時確認。

履約義務指個別的商品及服務或一組商品或服務或大致相同的個別商品或服務。

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

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

否則,收入於客戶獲得個別商品或服務控制權的時間點確認。

收入是根據與客戶簽訂的合同中規定的對價計算的,不包括代表第三方收取的款項、折扣和與銷售有關的稅費。

## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

### 3. Significant Accounting Policies (Continued)

#### Revenue recognition (Continued)

##### Policy applicable to the year ended 31 December 2018 (with application of IFRS 15) (Continued)

##### *Contract assets and contract liabilities*

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

A contract liability represents the Group's obligation to transfer goods to a customer for which the Group has received consideration from the customer.

For a single contract with the customer, either a net contract asset or a net contract liability is presented.

The Group recognised revenue from the sales of goods including (i) hair-care products; (ii) skin-care products; and (iii) other household and personal care products.

##### *Sales of goods*

Revenue from sales of goods is recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

##### *Right of return*

When a contract provides a customer with a right to return the goods within a specified period, the consideration received from the customer is variable because the contract allows the customer to return the products. The Group uses the expected value method to estimate the goods that will be returned. For goods expected to be returned, the Group presents a refund liability as "Refund liabilities" and an asset for the right to recover products from a customer as "Right to returned goods asset".

### 3. 主要會計政策(續)

#### 收入確認(續)

##### 適用於截至2018年12月31日止年度政策(應用國際財務報告準則第15號)(續)

##### *合約資產與合約負債*

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

合約負債指本集團因已自客戶收取代價,而須轉讓商品予客戶之責任。

對於與客戶的單個合同,要麼顯示淨合同資產,要麼顯示淨合同負債。

集團確認銷售產品的收入,包括(i)護發產品;(ii)護膚產品;(iii)其他家庭和個人護理用品。

##### *貨物銷售*

當產品的控制權轉移時,即產品交付給客戶時,客戶對銷售產品的渠道和價格有充分的決定權,而且沒有會影響客戶對產品接受的未履行義務,銷售產品的收入才會被確認。

##### *償還負債*

當合同規定客戶有權在規定期限內退貨時,從客戶處收到的對價是可變的,因為合同允許客戶退貨。本集團使用期望值法來估計將被退回的貨物。對於預計將被退回的貨物,本集團將退款責任列為「償還負債」,將從客戶收回產品的權利列為「退回存貨之權利」。

## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

### 3. Significant Accounting Policies (Continued)

#### Revenue recognition (Continued)

##### Policy applicable to the year ended 31 December 2017

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

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

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

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

#### Leasing

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

### 3. 主要會計政策(續)

#### 收入確認(續)

##### 適用於2017年12月31日止年度政策

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

銷售貨品之收入於貨品付運及擁有權轉移時，並符合下列所有條件時確認入賬：

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

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

#### 租賃

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

## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

### 3. Significant Accounting Policies (Continued)

#### Revenue recognition (Continued)

##### Leasing (Continued)

*The Group as lessee*

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

#### Foreign currencies

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

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences arising on a monetary item that forms part of the Company's net investment in a foreign operation, in which case, such exchange differences are recognised in other comprehensive income and accumulated in equity and will be reclassified from equity to profit or loss on disposal of the foreign operation.

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

### 3. 主要會計政策(續)

#### 收入確認(續)

##### 租賃(續)

本集團作為承租人

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

#### 外幣

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

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

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





## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

### 3. Significant Accounting Policies (Continued)

#### Borrowing costs

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

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

#### Government grants

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

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

#### Retirement benefit costs and termination benefits

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

#### Short-term and other long-term employee benefits

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

### 3. 主要會計政策(續)

#### 借款成本

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

借款成本於產生期間會於損益中確認。

#### 政府補助

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

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

#### 退休福利成本和辭退福利

支付給國家管理的退休福利計劃及強制性公積金計劃被認為是當僱員提供使其有權獲得有關供款的服務時在損益中確認為開支，惟已計入尚未確認為開支的存貨成本內則除外。

#### 短期和其他長期僱員福利

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

## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

### 3. Significant Accounting Policies (Continued)

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

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

#### Taxation

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

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

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

### 3. 主要會計政策(續)

#### 短期和其他長期僱員福利(續)

短期僱員福利按相關服務換取的未折現預期福利金額計量，確認為負債。

#### 稅項

所得稅支出指應繳即期稅項及遞延稅項之總和。

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

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



## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

### 3. Significant Accounting Policies (Continued)

#### Taxation (Continued)

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

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

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

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

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

### 3. 主要會計政策(續)

#### 稅項(續)

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

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

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

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

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

## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

### 3. Significant Accounting Policies (Continued)

#### Property, plant and equipment

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

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

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

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

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

### 3. 主要會計政策(續)

#### 物業、廠房及設備

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

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

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

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

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



## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

### 3. Significant Accounting Policies (Continued)

#### Biological assets

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

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

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

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

### 3. 主要會計政策(續)

#### 生物資產

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

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

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

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

## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

### 3. Significant Accounting Policies (Continued)

#### Research and development expenditure

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

#### Inventories

Inventories are measured at the lower of cost and net realisable value. Costs of inventories are calculated using the weighted average method, and include expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In case of manufactured inventories and work in progress, cost includes an appropriate share of the production overheads based on normal operating capacity. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

#### Cash and cash equivalents

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

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

Deposits with a maturity over three months that are not readily convertible into known amounts of cash are defined as deposit with bank in the consolidated financial statements.

### 3. 主要會計政策(續)

#### 研究及開發費用

研究活動之開支於其產生期間確認為費用。

#### 存貨

存貨以成本與可變現淨值的較低者計量。存貨成本按加權平均成本原則決定，並包括購入存貨及將其運送至現有地點及狀況所產生的開支。就製成品及在製品而言，成本包括按正常產能計算，按照適當比例分配的生產製造費用。可變現淨值指存貨的估計售價減估計全部完工成本及必要的銷售開支。

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

#### 現金及現金等價物

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

就綜合現金流量表而言，現金及現金等價物由上文所定義之現金及銀行結餘組成。

在三個月內到期且不易隨時轉換為大量現金的存款在合併財務報表中被界定為銀行存款。

## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

### 3. Significant Accounting Policies (Continued)

#### Investments in subsidiaries

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

#### Financial instruments

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

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

#### Under IFRS 9 (applicable on or after 1 January 2018)

##### *Financial assets*

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

##### *Financial assets at amortised cost (debt instruments)*

The Group measures financial assets subsequently at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

### 3. 主要會計政策(續)

#### 對附屬公司的投資

對附屬公司的投資按成本扣除累計減值損失列示於本公司財務狀況表。

#### 金融工具

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

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

#### 根據國際財務報告準則第9號(適用於二零一八年一月一日或之後)

##### *金融資產*

所有常規買賣之金融資產乃按交易日期確認及終止確認。以常規方式買賣指須根據市場規則或慣例所規定之限期內交付資產之金融資產買賣。

所有認可金融資產隨後均按攤銷成本或公允價值(視金融資產類別而定)整體計量。初始確認時的金融資產分類取決於金融資產的契約現金流特徵和集團管理這些資產的業務模式。

##### *按攤銷成本計算的金融資產(債務工具)*

如符合下列兩項條件，本集團隨後會按攤銷成本計算金融資產

- 金融資產是在一個商業模式內持有的，該商業模式的目標是持有金融資產，以收集合同現金流；以及

## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

### 3. Significant Accounting Policies (Continued)

#### Financial instruments (Continued)

#### Under IFRS 9 (applicable on or after 1 January 2018) (Continued)

##### Financial assets (Continued)

##### Financial assets at amortised cost (debt instruments) (Continued)

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment.

##### Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

### 3. 主要會計政策(續)

#### 金融工具(續)

#### 根據國際財務報告準則第9號(適用於二零一八年一月一日或之後)(續)

##### 金融資產(續)

##### 按攤銷成本計算的金融資產(債務工具)(續)

- 金融資產的合同條款在特定日期產生現金流，這些現金流僅是未償付本金的本金和利息的支付。

按攤銷成本計算的金融資產隨後採用有效利息法進行計量，並可能出現減值。

##### 攤銷成本與實際利率法

實際利率法乃計算相關期間內債務工具之攤銷成本及分配利息收入之方法。

對於購買或源自信用受損金融資產以外的金融資產(即在首次確認時信用受損的資產),實際利率指確切折現金融資產之預計可使用年期或較短期間(如適用)內估計未來現金收入(包括構成實際利率不可或缺部分之已付或已收之一切費用及利率差價、交易成本及其他溢價或折讓)不包括預期信貸損失,至初步確認賬面淨值之利率。對於購買的或源自信用受損的金融資產,信貸調整後的實際利率是通過將預計的未來現金流(包括預期的信貸損失)在初始確認時折現至債務工具的攤銷成本來計算的。



## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

### 3. Significant Accounting Policies (Continued)

#### Financial instruments (Continued)

##### Under IFRS 9 (applicable on or after 1 January 2018) (Continued)

###### Financial assets (Continued)

###### Amortised cost and effective interest method (Continued)

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Interest income is recognised in profit or loss and is included in the "Other income" line item (note 8).

### 3. 主要會計政策(續)

#### 金融工具(續)

##### 據國際財務報告準則第9號(適用於二零一八年一月一日或之後)(續)

###### 金融資產(續)

###### 按攤銷成本計算的金融資產(債務工具)(續)

金融資產的攤銷成本是指金融資產在初始確認時的攤銷金額減去本金償還額，再加上使用實際利率法計算的累積攤銷金額，即該初始金額與到期金額之間的任何差額，並根據任何損失備抵額進行調整。金融資產的賬面總額是指金融資產在調整損失備抵前的攤銷成本。

利息收入乃按攤銷成本計算的債務工具的實際利率法確認。對於購買或源自信用受損金融資產以外的金融資產，除後來發生信用受損的金融資產外，利息收入按照金融資產賬面總額的實際利率計算。對於後來信用受損的金融資產，利息收入按該金融資產的實際利率攤銷成本確認。如在其後的報告期內，信貸受損金融工具的信貸風險有所改善，以致該金融資產不再受信貸受損，則利息收入會按該金融資產的實際利率計算。

利息收入確認為損益，並包括在「其他收入」項目內(附註8)。

## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

### 3. Significant Accounting Policies (Continued)

#### Financial instruments (Continued)

##### Under IFRS 9 (applicable on or after 1 January 2018) (Continued)

##### *Financial assets (Continued)*

##### *Impairment of financial assets*

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

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

### 3. 主要會計政策(續)

#### 金融工具(續)

##### 根據國際財務報告準則第9號(適用於二零一八年一月一日或之後)(續)

##### 金融資產(續)

##### 金融資產減值

本集團認可按攤銷成本計算的債務工具投資預期信貸損失撥備。預期信貸損失金額在每個報告日更新，以反映自初步確認有關金融工具以來信貸風險的變化。

本集團一向認可貿易應收賬款的使用期預期信用損失。預期信貸損失提供這些金融資產估計使用矩陣根據集團的歷史信用損失的經驗，調整的特定於債務人的因素，綜合經濟條件和評估當前和預測的方向在報告日期條件，包括在適當的地方貨幣的時間價值。

對於所有其他金融工具，本集團計算相當於12個月預期信用損失的損失備抵額，除非自首次確認以來信貸風險顯著增加，否則本集團確認的是使用期預期信用損失。對使用期預期信用損失是否應予以確認的評估，是基於自初始確認以來發生違約的可能性或風險的顯著增加。

## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

### 3. Significant Accounting Policies (Continued)

#### Financial instruments (Continued)

##### Under IFRS 9 (applicable on or after 1 January 2018) (Continued)

*Financial assets (Continued)*

##### *Significant increase in credit risk*

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

### 3. 主要會計政策(續)

#### 金融工具(續)

##### 根據國際財務報告準則第9號(適用於二零一八年一月一日或之後)(續)

*金融資產(續)*

##### *信貸風險顯著增加*

在評估信用風險的金融工具是否顯著增加自首次承認,該集團比較違約發生的風險的金融工具在報告日期發生違約的風險在金融工具的初始確認的日期。在作出這一評價時,本集團考慮到合理和可支持的數量和質量資料,包括歷史經驗和前瞻性資料,這些資料無需付出不必要的代價或努力即可獲得。

特別是在評估信貸風險自最初確認以來是否顯著增加時,考慮到下列資料:

- 金融工具的外部(如有)或內部信用評級實際或預期顯著惡化;
- 經營、財務、經濟狀況發生可能導致債務人償債能力顯著下降的現有或者預測的不利變化;
- 債務人經營成果實際或者預期顯著惡化的;
- 同一債務人的其他金融工具信用風險顯著增加的;
- 債務人在監管、經濟或技術環境中發生的實際或預期的重大不利變化,導致債務人履行債務的能力顯著下降。

## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

### 3. Significant Accounting Policies (Continued)

#### Financial instruments (Continued)

##### Under IFRS 9 (applicable on or after 1 January 2018) (Continued)

*Financial assets (Continued)*

*Significant increase in credit risk (Continued)*

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if (i) the financial instrument has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there are no past due amounts.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

### 3. 主要會計政策(續)

#### 金融工具(續)

##### 根據國際財務報告準則第9號(適用於二零一八年一月一日或之後)(續)

*金融資產(續)*

*信貸風險顯著增加(續)*

不論上述評估的結果如何，除非本集團有合理和可支持的資料證明並非如此，否則本集團假定，自首次確認合約付款逾期超過30天以來，金融資產的信貸風險已顯著增加。

儘管有上述情況，本集團假定，如果在報告日期確定金融工具的信用風險較低，則該金融工具的信用風險自最初確認以來沒有顯著增加。確定一個金融工具信用風險較低，如果(i)金融工具有一個低違約風險，(ii)借款人有很強的能力在短期內滿足其義務合同現金流，和(iii)不良長期的經濟和商業環境的變化，但並不一定會降低借款人的能力履行其合同現金流的義務。本集團認為，如果金融資產的外部信用評級為「投資級」(符合全球公認的定義)，或如果沒有外部評級，則該資產的內部評級為「履行」，則該金融資產的信用風險較低。履行是指交易對手擁有強大的財務實力，沒有過去到期的款項。

本集團定期監測用於確定信貸風險是否顯著增加的標準的有效性，並酌情修訂這些標準，以確保這些標準能夠在貸款逾期前確定信貸風險的顯著增加。

## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

### 3. Significant Accounting Policies (Continued)

#### Financial instruments (Continued)

##### Under IFRS 9 (applicable on or after 1 January 2018) (Continued)

###### Financial assets (Continued)

###### Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

The Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

###### Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or past due event;

### 3. 主要會計政策(續)

#### 金融工具(續)

##### 根據國際財務報告準則第9號(適用於二零一八年一月一日或之後)(續)

###### 金融資產(續)

###### 違約之定義

本集團認為以下事項構成內部信貸風險管理方面的違約事件，因為歷史經驗顯示，符合以下任何一項準則的應收賬款一般是不可收回的：

- 債務人違反財務契約的；或
- 內部開發或從外部來源獲得的信息表明，債務人不太可能向包括本集團在內的債權人全額支付債務（不考慮本集團持有的任何抵押）。

本集團認為，金融資產逾期超過90天即發生違約，除非本集團有合理和可支持的信息證明較遲的違約標準更為合適。

###### 信用損失金融資產

當一個或多個事件對該金融資產的未來現金流量估計產生不利影響時，該金融資產即為信用損失。金融資產信用受損的證據包括以下可觀察到的數據：

- 債務人有重大財務困難的；
- 違約，如違約或逾期事件；

## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

### 3. Significant Accounting Policies (Continued)

#### Financial instruments (Continued)

##### Under IFRS 9 (applicable on or after 1 January 2018) (Continued)

##### *Financial assets (Continued)*

##### *Credit-impaired financial assets (Continued)*

- the lender(s) of the debtor, for economic or contractual reasons relating to the debtor's financial difficulty, having granted to the debtor a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

##### *Write-off policy*

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

### 3. 主要會計政策(續)

#### 金融工具(續)

##### 根據國際財務報告準則第9號(適用於二零一八年一月一日或之後)(續)

##### 金融資產(續)

##### 信用損失金融資產(續)

- 債務人的貸款人，因與債務人的財務困難有關的經濟上或合約上的理由，給予債務人一項貸款人不會另行考慮的寬免；
- 債務人有可能破產或進行其他財務重組；或
- 由於財政困難，該金融資產的活躍市場消失了。

##### 核銷政策

當有資料顯示債務人有嚴重的財政困難，而且沒有實際的回收前景時，集團會注銷一項金融資產，例如：交易對手被清算或者進入破產程序的。根據本集團的追討程序，在適當情況下，考慮到法律意見，注銷的金融資產仍可能受到執行活動的影響。任何收回的款項均確認為損益。

## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

### 3. Significant Accounting Policies (Continued)

#### Financial instruments (Continued)

##### Under IFRS 9 (applicable on or after 1 January 2018) (Continued)

###### Financial assets (Continued)

###### Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

### 3. 主要會計政策(續)

#### 金融工具(續)

##### 根據《國際財務報告準則》第9條(適用於2018年1月1日或之後)(續)

###### 金融資產(續)

###### 預計信貸損失的計量和確認

預期信貸損失的計量依據為是違約概率、違約損失率(即違約時損失程度)和違約風險的函數。評估違約概率及違約損失率的依據是過往數據，並按照前瞻性資料調整。對於金融資產的違約風險，則以資產在報告日期的賬面總值及其他有關前瞻性資料表示。

對於金融資產，預期信貸損失估計為根據合約中應付本集團之所有合同現金流與本集團預期收到的所有現金流之間的差額(按最初實際利率折現)。

如本集團在上一個報告期間已計算一項財務工具的損失備抵額，其金額相當於全期預期信貸損失，但決定在當前報告日期壽命內的預期信貸損失的條件不再滿足，本集團計量損失備抵額的金額相當於當前報告期的12個月的預期信貸虧損，使用了簡化計量方法的資產除外。

本集團針對所有通過損失備抵賬戶調整他們的賬面價值的金融工具在損益表中確認一項撥備收益或損失。

## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

### 3. Significant Accounting Policies (Continued)

#### Financial instruments (Continued)

##### Under IFRS 9 (applicable on or after 1 January 2018) (Continued)

###### Financial assets (Continued)

###### Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

###### Financial liabilities and equity instruments

###### Classification as debt or equity

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

###### Equity instruments

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

### 3. 主要會計政策(續)

#### 金融工具(續)

##### 根據《國際財務報告準則》第9條(適用於2018年1月1日或之後)(續)

###### 金融資產(續)

###### 終止確認金融資產

當從金融資產收取現金流之合約權利已屆滿，或當本集團向另一方轉移金融資產及其擁有權之絕大部份風險及回報時，方會終止確認金融資產。如果本集團既沒有轉移也沒有保留其擁有權之絕大部份風險及回報，且持續控制已轉讓的資產，那麼集團確認它在資產中的保留權益以及可能必須支付的相關負債，如果本集團實質上保留對已轉讓金融資產所有權的所有風險和回報，則本集團繼續確認該金融資產，並確認其所得款項的抵押借款。

一項金融資產終止確認以攤餘成本計量，資產賬面金額與已收及應收代價及已於其他全面收益確認並於權益累計之累積盈虧之總和之差額，會於損益中確認。

###### 金融負債及股權工具

###### 重分類為債券或權益

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

###### 權益工具

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



## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

### 3. Significant Accounting Policies (Continued)

#### Financial instruments (Continued)

##### Under IFRS 9 (applicable on or after 1 January 2018) (Continued)

*Financial liabilities and equity instruments (Continued)*

##### *Financial liabilities*

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, are measured in accordance with the specific accounting policy set out below.

##### *Financial liabilities subsequently measured at amortised cost*

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at fair value through profit or loss ("FVTPL"), are subsequently measured at amortised cost using the effective interest method.

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

##### *Derecognition of financial liabilities*

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

### 3. 主要會計政策(續)

#### 金融工具(續)

##### 根據《國際財務報告準則》第9條(適用於2018年1月1日或之後)(續)

*金融負債和權益工具(續)*

##### *金融負債*

所有的金融負債使用實際利率法按攤銷成本計算。

當一項金融資產的轉移產生的金融負債不符合終止確認條件或何時繼續參與方式的應用，是根據如下具體的會計政策。

##### *金融負債持續以攤銷成本計量*

金融負債不是(i)業務合併收購對價的或有負債，(ii)持有交易，或(iii)以公允價值計入損益之金融資產，隨後用實際利率法按照攤銷成本計量。

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

##### *終止確認金融負債*

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

## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

### 3. Significant Accounting Policies (Continued)

#### Financial instruments (Continued)

##### Under IAS 39 (applicable before 1 January 2018)

##### *Financial assets*

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

##### *Effective interest method*

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

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

##### *Loans and receivables*

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

### 3. 主要會計政策(續)

#### 金融工具(續)

##### 根據《國際會計準則》第39條 (於2018年1月1日之前應用)

##### *金融資產*

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

##### *實際利率法*

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

利息收入按債務工具的實際利率確認。

##### *貸款及應收款項*

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

## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

### 3. Significant Accounting Policies (Continued)

#### Financial instruments (Continued)

#### Under IAS 39 (applicable before 1 January 2018) (Continued)

##### Financial assets (Continued)

##### Impairment loss of financial assets

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

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

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

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

### 3. 主要會計政策(續)

#### 金融工具(續)

#### 根據《國際會計準則》第39條 (於2018年1月1日之前應用)(續)

##### 金融資產(續)

##### 金融資產減值損失

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

就所有金融資產而言，減值之客觀證據可包括：

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

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

## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

### 3. Significant Accounting Policies (Continued)

#### Financial instruments (Continued)

##### Under IAS 39 (applicable before 1 January 2018) (Continued)

###### *Financial assets (Continued)*

###### *Impairment loss of financial assets (Continued)*

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

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

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

### 3. 主要會計政策(續)

#### 金融工具(續)

##### 根據《國際國際會計準則》第39條(於2018年1月1日之前應用)(續)

###### *金融資產(續)*

###### *金融資產減值損失(續)*

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

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

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

## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

### 3. Significant Accounting Policies (Continued)

#### Financial instruments (Continued)

##### Financial liabilities and equity instruments

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

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

##### *Other financial liabilities*

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

##### *Effective interest method*

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

Interest expense is recognised on an effective interest basis.

##### *Equity instruments*

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

### 3. 主要會計政策(續)

#### 金融工具(續)

##### 金融負債和權益工具

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

本集團的金融負債被劃分為其他金融負債。

##### *其他金融負債*

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

##### *實際利率法*

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

利息開支按實際利息確認。

##### *權益工具*

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

## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

### 3. Significant Accounting Policies (Continued)

#### Financial instruments (Continued)

##### Derecognition

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

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

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

##### Provisions

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

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

### 3. 主要會計政策(續)

#### 金融工具(續)

##### 終止確認

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

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

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

##### 計提準備

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

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

## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

### 3. Significant Accounting Policies (Continued)

#### Share-based payment transactions

##### Equity-settled share-based payment transactions

###### *Share options granted to employees*

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

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

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

#### Impairment losses on tangible assets

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

### 3. 主要會計政策(續)

#### 以股份為基礎的支付交易

##### 以股權結算並以股份為基礎的交易

###### *授予僱員的購股權*

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

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

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

#### 有形資產之減值損失

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

## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

### 3. Significant Accounting Policies (Continued)

#### Impairment losses on tangible assets (Continued)

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

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

#### Fair value measurement

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

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

### 3. 主要會計政策(續)

#### 有形資產之減值損失(續)

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

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

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

#### 公允價值計量

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

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



## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

### 3. Significant Accounting Policies (Continued)

#### Fair value measurement (Continued)

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

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

### 4. Key Sources of Estimation Uncertainty

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

### 3. 主要會計政策(續)

#### 公允價值計量(續)

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

第一級 — 同類資產或負債於活躍市場的報價(未經調整)。

第二級 — 估值技術(對公允價值計量而言屬重要輸入數據的最低層級直接或間接可觀察)。

第三級 — 估值技術(對公允價值計量而言屬重要輸入數據的最低層級不可觀察)。

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

### 4. 估計不確定因素之主要來源

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

## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

#### 4. Key Sources of Estimation Uncertainty (Continued)

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

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

##### Impairment of trade receivables

The impairment provisions for trade receivables are based on assumptions about ECL. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, bases on the number of days that an individual receivable is outstanding as well as the Group's historical experience and forward-looking information at the end of the reporting period. Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional impairment charge to the consolidated statement of profit or loss and other comprehensive income. Impairment losses of approximately RMB2,196,000 were recognised for the current year.

##### Allowance of inventories

Inventories are carried at the lower of cost and net realisable value. Any excess of the cost over the net realisable value of each class of inventories is recognised as a provision for diminution in the value of inventories.

#### 4. 估計不確定因素之主要來源(續)

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

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

##### 貿易應收款項之減值

貿易應收款項的減值準備是基於對預期信用損失的假設。本集團在作出這些假設和選擇減值計算的投入時，會根據個別應收賬款未清償的天數，以及本集團在報告期末的歷史經驗和前瞻性資料，作出判斷。這些假設和估計數的改變可能會對評估結果產生重大影響，因此可能有必要在綜合損益及其他全面收益表的合並報表中追加減值費用。本年確認的減值損失約為人民幣219.6萬元。

##### 存貨撥備

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



## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

#### 4. Key Sources of Estimation Uncertainty (Continued)

##### Allowance of inventories (Continued)

Net realisable value is the estimated selling price in the normal course of business less the estimated costs to completion and the estimated expenses and related taxes necessary to make the sale. For inventories with committed sales orders or active market, the Group estimates the net realisable value with reference to the selling prices set out in the committed sales orders or in the active market. For inventories without committed sales orders or active market, the Group carefully estimates the net realisable value based on available information and reasonable and supportive assumptions on expected selling prices, manufacturing costs, selling expenses, sales tax and etc. As at 31 December 2018, the carrying amount of inventories was approximately RMB39,610,000 (2017: RMB47,581,000), net of accumulated allowance of approximately RMB4,835,000 (2017: RMB2,615,000).

##### Estimated useful life of property, plant and equipment

The Group depreciates the property, plant and equipment on a straight-line basis between the rates of 4% to 50% per annum, commencing from the date the property, plant and equipment are available for use. The estimated useful lives that the Group places the property, plant and equipment into productive use reflects the Directors' estimate of the periods that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment. As at 31 December 2018, the carrying amount of property, plant and equipment was approximately RMB115,021,000 (2017: RMB132,403,000). Depreciation of approximately RMB19,787,000 (2017: RMB17,159,000) has been recognised for the year.

#### 4. 估計不確定因素之主要來源(續)

##### 存貨撥備(續)

可變現淨值為日常業務中以存貨的估計售價減去至完工估計將要發生的成本及銷售所需的估計費用及相關稅項。就有已確認銷售訂單或活躍市場的存貨而言，本集團參考其售價估計可變現淨值。就並無已確認銷售訂單或活躍市場的存貨而言，本集團根據現有資料及對預期售價、製造成本、銷售費用及銷售稅金等的合理及有理據的假設，慎重估計可變現淨值。於二零一八年十二月三十一日，存貨的賬面值約為人民幣39,610,000元(二零一七年度：人民幣47,581,000元)，已扣除累計撥備淨值約為人民幣4,835,000元(二零一七年度：人民幣2,615,000元)。

##### 預計財產、廠房和設備的使用壽命

本集團自物業、廠房及設備可供使用之日起，按每年4%至50%的直線折舊。本集團將財產、廠房和設備投入生產使用的預計使用壽命反映了董事對本集團打算從使用本集團財產、廠房和設備中獲得未來經濟利益的期間的估計。截至二零一八年十二月三十一日，財產、廠房和設備賬面價值約人民幣115,021,000元(2017年度：人民幣132,403,000元)。本年度已確認折舊約人民幣19,787,000元(2017年度：人民幣17,159,000元)。

## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

#### 4. Key Sources of Estimation Uncertainty (Continued)

##### Impairment on property, plant and equipment

In considering the impairment losses that may be required for certain property, plant and equipment, recoverable amount of these assets needs to be determined. The recoverable amount is the greater of the fair value less costs of disposal and the value in use. It is difficult to precisely estimate fair value because quoted market prices for these assets may not be readily available. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgement relating to items such as level of revenue and amount of operating costs and discount rate. The Group uses all readily available information in determining an amount that is reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of items such as revenue and operating costs. As at 31 December 2018, the carrying amount of property, plant and equipment was approximately RMB115,021,000 (2017: RMB132,403,000), net of accumulated impairment losses of approximately RMB113,622,000 (2017: RMB113,622,000).

##### Income taxes

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislations. Deferred tax assets are recognised for tax losses not yet used and temporary deductible differences. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profit will be available against which the unused tax credits can be utilised, management judgement is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax assets to be recovered.

#### 4. 估計不確定因素之主要來源(續)

##### 物業、廠房及設備減值

考慮物業、廠房及設備減值時應釐定該資產的可收回金額。可收回金額，乃公允價值減去處置費用及使用價值之較高者。鑒於此類資產可能沒有及時的市場報價，難以準確估計其公允價值。釐定使用價值時，有關資產預期產生的現金流量會折現至其現值，此舉須對營業額及營運成本等項目作出重大判斷。本集團會運用一切可得資料，以釐定可收回金額的合理約數，包括根據對營業額及營運成本和折扣率等項目的合理及有理據的假設及預測作出的估計。於二零一八年十二月三十一日，物業、廠房及設備之賬面值約為人民幣115,021,000元(二零一七年度：人民幣132,403,000元)，已扣除累計減值虧損約為人民幣113,622,000元(二零一七年度：人民幣113,622,000元)。

##### 所得稅

釐定所得稅撥備涉及對若干交易日後稅務處理之判斷。本集團謹慎評估交易之稅務影響並據此製訂稅務撥備。本集團定期重新審議上述交易之稅務處理以便將所有稅法變動考慮在內，並就未動用之稅務虧損及可抵扣暫時差額確認遞延稅項資產。由於遞延稅項資產只限極可能抵扣之未來應課稅溢利時才會確認，因此需要管理層判斷獲得未來應課稅溢利之可能性。本集團定期審閱管理層之評估，倘若極可能獲得能利用遞延稅項資產之未來應課稅溢利，便會確認額外之遞延稅項資產。

## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

#### 5. Capital Risk Management

The Group's policy is to maintain a strong capital base so as to maintain creditor and market confidence and to sustain future development of the business. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes bank borrowing, net of deposit with bank and bank balances and cash and equity attributable to owners of the Company, comprising share capital and reserves.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

The Directors review the capital structure on a semi-annual basis. As part of this review, the Directors consider the cost of capital and the risks associates with each class of capital. Based on recommendations of the Directors, the Group will balance its overall capital structure through new share issues as well as the issue of new debt or the redemption of existing debt.

#### 6. Financial Instruments

##### (a) Categories of financial instruments

|   |                           | 2018<br>二零一八年<br>RMB'000<br>人民幣千元 | 2017<br>二零一七年<br>RMB'000<br>人民幣千元 |
|---|---------------------------|-----------------------------------|-----------------------------------|
| <b>Financial assets</b>   | <b>金融資產</b>               |                                   |                                   |
| At amortised cost/loans and receivables (including cash and cash equivalents) | 按攤銷成本/貸款及應收賬款(包括現金及現金等價物) | 116,942                           | 109,152                           |
| <b>Financial liabilities</b>  | <b>金融負債</b>               |                                   |                                   |
| At amortised cost   | 按攤銷成本                     | 89,002                            | 93,533                            |

#### 5. 資本風險管理

本集團的政策旨在維持穩健資本基礎，以保持債權人及市場信心，以及支持日後的業務發展。本集團整體策略與去年維持不變。

本集團的資本結構包括債務淨額(包括扣除銀行結存及現金)及本公司權益持有人應佔權益(包括股本和儲備)。

本公司及其任何附屬公司概不受外界資本規定限制。

本公司董事每半年會審閱資本結構。就有關審閱，董事考慮資本成本及與各級別資本相關之風險。根據本公司董事建議，本集團將透過發行新股份、發行新債務或贖回現有債務，以平衡其整體資本架構。

#### 6. 金融工具

##### (a) 金融工具類別

## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

#### 6. Financial Instruments (Continued)

##### (b) Financial risk management objective and policies

The Group's major financial instruments include trade and other receivables, amounts due from related parties, deposit with bank, bank balances and cash, trade and other payables, amounts due to related parties and bank borrowing. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

##### Market risk

###### *Currency risk*

Several subsidiaries of the Company have foreign currency sales, which expose the Group to foreign currency risk. Approximately 5% (2017: 5%) of the Group's sales is denominated in currencies other than the functional currency of the group entity making the sale. The Group currently does not have a foreign currency hedging policy. The Group will monitor foreign exchange exposure and consider hedging significant foreign currency exposure should the need arise.

#### 6. 金融工具(續)

##### (b) 金融風險管理目標及政策(續)

本集團之主要金融工具包括貿易及其他應收款項、應收關聯方款項、抵押銀行存款、銀行存款及銀行結存及現金、貿易及其他應付款項、應付關聯方款項及銀行貸款。該等金融工具之詳情於各附註內披露。與該等金融工具有關之風險包括市場風險(貨幣風險和利率風險)、信貸風險及流動性風險。下文載列如何降低該等風險之政策。管理層管理及監控該等風險，以確保適時及有效地採取適當措施。

##### 市場風險

###### *貨幣風險*

本公司旗下多間附屬公司之銷售是外幣計價，本集團因而面對外匯風險。本集團約5%(二零一七年度：5%)之銷售以集團實體功能貨幣以外之貨幣計價。本集團目前並無任何外幣對沖政策。本集團會監控外匯風險，如有必要時，亦會考慮對沖重大外匯風險。

## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

#### 6. Financial Instruments (Continued)

##### (b) Financial risk management objective and policies (Continued)

###### Market risk (Continued)

###### Currency risk (Continued)

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

#### 6. 金融工具(續)

##### (b) 金融風險管理目標及政策(續)

###### 市場風險(續)

###### 貨幣風險(續)

本集團以外幣計價之貨幣資產及貨幣負債於呈報期末之賬面值如下：

|                                  |          | Assets  |         | Liabilities |         |
|----------------------------------|----------|---------|---------|-------------|---------|
|                                  |          | 資產      |         | 負債          |         |
|                                  |          | 2018    | 2017    | 2018        | 2017    |
|                                  |          | 二零一八年   | 二零一七年   | 二零一八年       | 二零一七年   |
|                                  |          | 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   |
| RMB                              | 人民幣      | 76      | 426     | 6,896       | 10,079  |
| HK\$                             | 港元       | 7       | 1       | —           | —       |
| United States dollars<br>("USD") | 美元(「美元」) | 50      | 819     | —           | —       |

## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

#### 6. Financial Instruments (Continued)

##### (b) Financial risk management objective and policies (Continued)

###### Market risk (Continued)

###### Currency risk (Continued)

###### Sensitivity analysis

The Group is mainly exposed to the currency of RMB, HK\$ and USD.

The following table details the Group's sensitivity to a 5% (2017: 5%) increase and decrease in exchange rates of the relevant foreign currencies against the respective entity's functional currency. 5% (2017: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 5% (2017: 5%) change in foreign currency rates. A negative number below indicates an increase/decrease in post-tax loss/profit where the respective functional currencies of the reporting entity weaken 5% (2017: 5%) against the relevant foreign currencies. For a 5% (2017: 5%) strengthening of the respective functional currencies against the relevant foreign currencies, there would be an equal and opposite impact on the loss/profit, and the balances below would be negative.

|                       | RMB<br>人民幣   |  | HK\$<br>港元   |  | USD<br>美元                         |                                   |
|-----------------------|--|--|--|--|-----------------------------------|-----------------------------------|
|                       | 2018<br>二零一八年<br>RMB'000<br>人民幣千元<br>(note (a))<br>(附註(a)) | 2017<br>二零一七年<br>RMB'000<br>人民幣千元<br>(note (a))<br>(附註(a)) | 2018<br>二零一八年<br>RMB'000<br>人民幣千元<br>(note (b))<br>(附註(b)) | 2017<br>二零一七年<br>RMB'000<br>人民幣千元<br>(note (b))<br>(附註(b)) | 2018<br>二零一八年<br>RMB'000<br>人民幣千元 | 2017<br>二零一七年<br>RMB'000<br>人民幣千元 |
| (Loss)/profit (虧損)/溢利 | (341)  | (397)  | —  | —  | 3                                 | 34                                |

Notes:

- (a) This is mainly attributable to the exposure outstanding on bank balance and cash and trade and other receivables in RMB at the end of the reporting period.
- (b) This is mainly attributable to the exposure outstanding on bank balances and cash denominated in HK\$ at the end of the reporting period.

附註:

- (a) 此乃主要由於在呈報期末以人民幣計值的銀行結餘及現金及貿易及其他應收款項所承受之風險所致。
- (b) 此乃主要由於在呈報期末以港幣計值的銀行結餘及現金所承受的風險所致。

#### 6. 金融工具(續)

##### (b) 金融風險管理目標及政策(續)

###### 市場風險(續)

###### 貨幣風險(續)

###### 敏感度分析

本集團主要面對人民幣、港元及美元貨幣風險。

下表詳列本集團於相關外幣兌各匯報實體功能貨幣之匯率上升及下跌5%(二零一七年度:5%)之敏感度。乃於內部向主要管理人員匯報外匯風險時採用,並為管理層對外幣匯率可能出現之合理變動之評估。敏感度分析僅包括未兌換以外幣計值之貨幣項目,並於呈報期末按5%(二零一七年度:5%)之匯率變動調整其換算。下表列示之正數顯示倘各匯報實體功能貨幣兌相關外幣貶值5%(二零一七年度:5%)時稅後盈利增加之數額。倘相關功能貨幣兌相關外幣升值5%(二零一七年度:5%),將會對虧損/利潤造成等額但相反之影響,而下表之結餘將為負數。





## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

#### 6. Financial Instruments (Continued)

##### (b) Financial risk management objective and policies (Continued)

###### Market risk (Continued)

###### Interest rate risk

As at 31 December 2018 and 2017, the Group is exposed to cash flow interest rate risk in relation to bank balances and cash (see note 22). The management of the Group considered that a reasonably possible change in interest rates would not have a material impact to the Group's result.

As at 31 December 2018 and 2017, the Group is also exposed to fair value interest rate risk in relation to fixed rate deposit with bank (see note 22) and fixed-rate bank borrowing (see note 26). No sensitivity analysis is presented because the risk is considered insignificant.

###### Credit risk

As at 31 December 2018, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The credit risk of the Group mainly arises from trade and other receivables, amounts due from related parties, deposit with bank and cash and cash equivalents. The carrying amounts of these balances represent the Group's maximum exposure to credit risk in relation to financial assets.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

#### 6. 金融工具(續)

##### (b) 金融風險管理目標及政策(續)

###### 市場風險(續)

###### 利率風險

於二零一七年及二零一八年十二月三十一日，本集團面對之現金流利率風險關於銀行結存及現金(附註22)。本集團之管理層認為利率有合理可能性的變動不會對集團業績產生重大影響。

於二零一七年和二零一八年十二月三十一日，本集團面對公允價值利率風險關於銀行存款(附註22)以及固定利率銀行貸款(附註26)。鑒於該風險較小，故概無呈列敏感度分析。

###### 信貸風險

於二零一七年十二月三十一日，本集團之最高信貸風險(因交易方未能履行責任及本集團提供之財務擔保而令本集團蒙受財務損失)來自各項金融資產於綜合財務狀況表所列之賬面值。

本集團之信用風險主要來源於貿易及其他應收款項、關聯方應付款項、銀行存款、現金及現金等價物。這些餘額之賬面值代表了本集團與金融資產相關之最高信貸風險。

為儘可能減低信貸風險，本集團之管理層已委派一支隊伍負責釐定信貸限額、審批信貸及進行其他監察程序，確保採取跟進行動以收回逾期債務。

## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

#### 6. Financial Instruments (Continued)

##### (b) Financial risk management objective and policies (Continued)

###### Credit risk (Continued)

As at 31 December 2017, impairment loss was recognised when there was objective evidence of impairment loss.

Starting from 1 January 2018, for trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the allowance for impairment at lifetime ECL. The Group determines the ECL on these items collectively by using a provision matrix, estimated based on historical credit loss experience, as well as the general economic conditions of the industry in which the debtors operate. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

Management considered amounts due from related parties to be low credit risk and thus the allowance for impairment recognised during the year was limited to 12-month ECL.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout the reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- internal credit rating
- external credit rating

#### 6. 金融工具(續)

##### (b) 金融風險管理目標及政策(續)

###### 信貸風險(續)

於二零一七年十二月三十一日，當存在減值損失的客觀證據時，確認減值損失。

從二零一八年一月一日起，對於貿易應收款項，本集團已採用國際財務報告準則第9號中的簡化方法來衡量全期預期信用損失的減值準備。本集團根據歷史信用損失經驗，以及債務人經營的行業的綜合經濟狀況，採用撥備矩陣，就這些項目共同確定預期信用損失。在這方面，董事們認為集團的信用風險大大降低。

管理層認為應收關聯方款項的信用風險較低，因此在年內確認的減值準備只限於12個月的預期信用損失。

由於交易方為具有高信貸評級之銀行及其他金融機構，故流動資金之信貸風險有限。

本集團考慮在初步確認資產時違約的可能性，以及在整個報告期間，信用風險是否持續顯著增加。為評估信用風險是否顯著增加，本集團將資產在報告日期發生違約的風險與初始確認日期發生違約的風險進行比較。它考慮可用的、合理的和支持性的前瞻性信息。特別是納入了以下指標：

- 內部信用評級
- 外部信用評級

## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

#### 6. Financial Instruments (Continued)

##### (b) Financial risk management objective and policies (Continued)

###### Credit risk (Continued)

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- significant changes in the expected performance and behavior of the debtor, including changes in the payment status of debtors in the Group and changes in the operating results of the debtor.

###### *The Group's exposure to credit risk*

In order to minimise credit risk, the Group has tasked its operation management committee to develop and maintain the Group's credit risk gradings to categorise exposures according to their degree of risk of default. The operation management committee uses other publicly available financial information and the Group's own trading records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

#### 6. 金融工具(續)

##### (b) 金融風險管理目標及政策(續)

###### 信貸風險(續)

- 預計會對債務人履行債務的能力造成重大變化的實際或預期的業務、財務或經濟狀況重大不利變化
- 債務人預期業績和行為的重大變化，包括債務人在集團內的支付狀況的變化和債務人經營業績的變化。

###### *集團信用風險之陳列*

為了將信用風險降至最低，該集團已委託其運營管理委員會制定並維持其信用風險等級，以便根據違約風險程度對風險陳列進行分類。運營管理委員會利用其他公開的財務信息和集團自身的交易記錄，對其主要客戶和其他債務人進行評級。本集團會持續監察其交易對手的風險陳列及信用評級，並在獲批准的交易對手之間分攤所達成交易的總值。

## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

#### 6. Financial Instruments (Continued)

##### (b) Financial risk management objective and policies (Continued)

###### Credit risk (Continued)

*The Group's exposure to credit risk (Continued)*

The Group's current credit risk grading framework comprises the following categories:

| Category<br>分類   | Description<br>描述  | Basis for recognising ECL<br>確慮ECL的基準                    |
|------------------|--|--|
| Performing<br>履行 | For financial assets where there has low risk of default or has not been a significant increase in credit risk since initial recognition and that are not credit impaired (refer to as Stage 1)<br>交易對手之違約風險低，或自初始確認以來信貸風險沒有顯著增加及未發生信貸減值 | 12-month ECL<br>12個月預期信用損失                               |
| Doubtful<br>呆賬   | For financial assets where there has been a significant increase in credit risk since initial recognition but that are not credit impaired (refer to as Stage 2)<br>內部產生資料或外部來源顯示信貸風險自初步確認以來顯著增加但未發生信貸減值                                 | Lifetime ECL — not credit impaired<br>全期預期信用損失 — 未發生信貸減值 |
| Default<br>違約    | Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred (refer to as Stage 3)<br>未能按合約結清應收賬款，或有其他證據顯示有關資產已發生信貸減值          | Lifetime ECL — credit impaired<br>全期預期信用損失 — 已發生信貸減值     |
| Write-off<br>核銷  | There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery<br>有證據顯示債務人面臨嚴重財困且本集團認為不可能收回有關賬款  | Amount is written off<br>有關金額已撇銷                         |

#### 6. 金融工具(續)

##### (b) 金融風險管理目標及政策(續)

###### 信貸風險(續)

*集團信用風險之呈列(續)*

集團現時的信貸風險評級架構包括以下類別：

## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

#### 6. Financial Instruments (Continued)

##### (b) Financial risk management objective and policies (Continued)

###### Credit risk (Continued)

*The Group's exposure to credit risk (Continued)*

The table below details the credit quality of the Group's financial assets as well as the Group's maximum exposure to credit risk by credit risk rating grades.

| 31/12/2018<br>二零一八年<br>十二月三十一日              | Notes | Internal<br>credit rating<br>內部信用<br>評級 | 12-month or<br>lifetime ECL<br>12個月或<br>全期預期信用損失            | Gross<br>carrying<br>amount<br>賬面價值<br>總額<br>RMB'000<br>人民幣千元 | Loss<br>allowance<br>減值準備<br>RMB'000<br>人民幣千元 | Net<br>carrying<br>amount<br>賬面淨值<br>RMB'000<br>人民幣千元 |
|---|-------|---|---|---|---|---|
| Trade receivables<br>應收款項                   | 21    | Note<br>附註                              | Lifetime ECL (simplified<br>approach)<br>全期預期信用損失(簡<br>化方法) | 41,243  | (10,590)                                      | 30,653  |
| Amounts due from related parties<br>應收關聯方款項 | 34(a) | Performing<br>履行                        | 12-month ECL<br>12個月預計信用損失                                  | 94  | —   | 94  |
| Other receivables<br>其他應收款項                 | 21    | Performing<br>履行                        | 12-month ECL<br>12個月預計信用損失                                  | 712   | —   | 712   |
|   |       |   |   | (10,590)  |   |   |

Note: For trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL on these items by using a provision matrix, estimated based on historical credit loss experience and the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix. Note 21 includes further details on the loss allowance for these assets.

附註：對於貿易應收款項，本集團已採用國際財務報告準則第9號中的簡化方法來全期預期信用損失的減值準備。本集團根據過往信用損失經驗及債務人過去的欠賬狀況，經適當調整，以反映現時的情況及對未來經濟情況的估計，以編製一份撥備矩陣，以釐定這些項目的預計信用損失。因此，這些資產的信用風險概況是根據它們過去的到期狀況，按撥備矩陣提出的。附註21包括這些資產損失減值準備的進一步詳情。

#### 6. 金融工具(續)

##### (b) 金融風險管理目標及政策(續)

###### 信貸風險(續)

*集團信用風險之陳列(續)*

下表詳列本集團金融資產的信用質量，以及按信用風險評級等級計算本集團在信用風險方面的最大風險。

## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

#### 6. Financial Instruments (Continued)

##### (b) Financial risk management objective and policies (Continued)

###### Credit risk (Continued)

*The Group's exposure to credit risk (Continued)*

The Group's concentration of credit risk by geographical location is mainly in the PRC, which accounted for 96% (2017: 98%) of the total trade receivable as at 31 December 2018.

As at 31 December 2018, the Group has no concentration of credit risk, as 7% (2017: 26%) of the total trade receivables, which was due from the Group's the five largest customers.

None of the Group's financial assets are secured by collateral or other credit enhancements.

###### Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group ensures that it maintains sufficient reserves of cash on demand to meet its liquidity requirement in the short and longer term; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows.

#### 6. 金融工具(續)

##### (b) 金融風險管理目標及政策(續)

###### 信貸風險(續)

*集團信用風險之陳列(續)*

本集團按地理位置劃分，信貸風險主要集中於中國，截至二零一八年十二月三十一日，應收賬款總額佔96%(二零一七年度：98%)。

於二零一八年十二月三十一日，本集團五大客戶信貸風險集中情況分別佔全部貿易應收款項之7%(二零一七年度：26%)。

本集團之金融資產概無抵押或其他信貸提升。

###### 流動性風險

流動性風險指本集團無法履行到期的財務責任的風險。本集團管理流動資金風險的方法，為盡量確保在一般及緊急情況下備有足夠的流動資金應付到期的負債，使本集團毋須承擔不能接受的虧損或聲譽受損的風險。

本集團確保在需要時保持足夠現金儲備，以滿足其短期及長期流動資金需求，惟不包括無法合理預計的特殊情況，如自然災害的潛在影響。

下表詳列本集團之非衍生金融負債之剩餘合約期限。該表乃基於本集團須作出支付之最早日期並根據金融負債之未折現現金流量制定。其他非衍生金融負債之到期日以協定償還日期為基礎。表中包括利息及本金現金流量。

## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

#### 6. Financial Instruments (Continued)

##### (b) Financial risk management objective and policies (Continued)

##### Liquidity risk (Continued)

#### 6. 金融工具(續)

##### (b) 金融風險管理目標及政策(續)

##### 流動性風險(續)

|   |               | Total<br>undiscounted<br>cash flows due<br>on demand or<br>within one year<br>未折現現金或<br>一年內按要求<br>償還流量總計<br>RMB'000<br>人民幣千元 | Carrying<br>amount<br>賬面值<br>RMB'000<br>人民幣千元 |
|---|---------------|--|---|
| <b>At 31 December 2018</b>                  | 於二零一八年十二月三十一日 |  |   |
| <b>Non-derivative financial liabilities</b> | 非衍生金融負債       |  |   |
| Trade and other payables                    | 貿易及其他應付款項     | 73,964   | 73,964  |
| Amounts due to related parties              | 應付關連方款項       | 2,488  | 2,488   |
| Bank borrowing                              | 銀行貸款          | 12,868   | 12,550  |
|   |               | <b>89,320</b>  | <b>89,002</b>                                 |
| <b>At 31 December 2017</b>                  | 於二零一七年十二月三十一日 |  |   |
| <b>Non-derivative financial liabilities</b> | 非衍生金融負債       |  |   |
| Trade and other payables                    | 貿易及其他應付款項     | 92,187   | 92,187  |
| Amounts due to related parties              | 應付關連方款項       | 1,346  | 1,346   |
|   |               | <b>93,533</b>  | <b>93,533</b>                                 |

## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

#### 6. Financial Instruments (Continued)

##### (c) Fair value measurements of financial instruments

The Directors consider that the carrying amounts of current financial assets and current financial liabilities recognised at amortised cost in the consolidated financial statements as at 31 December 2018 and 2017 approximate their fair values due to the short maturities.

#### 6. 金融工具(續)

##### (c) 以公允價值計量之金融工具

本公司董事認為，由於綜合財務報表內流動金融資產及流動金融負債會於二零一七年及二零一八年十二月三十一日短期內到期，故其賬面值近似於公允價值。

#### 7. Revenue and Segment Information

Revenue represents revenue arising on sales of goods for the year. An analysis of the Group's revenue for the year is as follows:

#### 7. 營業額及分部資料

營業額是指本集團於本年度貨物銷售收入。本集團本年度的收入分析列示如下：

|  |   | 2018<br>二零一八年<br>RMB'000<br>人民幣千元 | 2017*<br>二零一七年<br>RMB'000<br>人民幣千元 |
|--|---|-----------------------------------|------------------------------------|
| <b>Revenue from contracts with customers within the scope of IFRS 15 for the year ended 31 December 2018</b> | <b>截至二零一八年十二月三十一日，在國際財務報告準則第15號範圍內客戶的合約收入</b> |                                   |                                    |
| Disaggregated by major products  | 按主要產品分類                                       |                                   |                                    |
| Manufacture and sale of household and personal care products   | 家庭及個人護理用品的生產和銷售                               |                                   |                                    |
| Hair-care products   | 護髮產品  | 267,398                           | 233,067                            |
| Skin-care products   | 護膚產品  | 4,355                             | 5,197                              |
| Other household and personal care products   | 其他家用及個人護理產品                                   | 22,169                            | 25,951                             |
|  |   | <b>293,922</b>                    | <b>264,215</b>                     |

\* The amounts for the year ended 31 December 2017 were recognised under IAS 18.

\* 截至2017年12月31日止的年度的金額是根據國際會計準則第18號確認的。



## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

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

#### 7. 營業額及分部資料(續)

##### Disaggregation of revenue by timing of recognition

##### 按收入的確認時間分類

|                                      | 2018<br>二零一八年<br>RMB'000<br>人民幣千元 |
|--------------------------------------|-----------------------------------|
| <b>Timing of revenue recognition</b> | <b>收入確認的時間</b>                    |
| At a point in time                   | 293,922                           |

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

##### 分配至客戶合約餘下履約責任之交易價格

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

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

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

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

## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

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

##### Disaggregation of revenue by timing of recognition (Continued)

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

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

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

##### Segment revenue and results

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

#### 7. 營業額及分部資料(續)

##### 按收入的確認時間分類(續)

本集團之可報告的經營分部為：

- 護髮產品
- 護膚產品
- 其他家用及個人護理產品

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

##### 分部營業額及業績

以下是本集團按可報告分部收入及業績分析：

|  | 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      |         |
|  | 2018               | 2017    | 2018               | 2017    | 2018                                       | 2017    | 2018    | 2017    |
|  | 二零一八年              | 二零一七年   | 二零一八年              | 二零一七年   | 二零一八年                                      | 二零一七年   | 二零一八年   | 二零一七年   |
|  | RMB'000            | RMB'000 | RMB'000            | RMB'000 | RMB'000                                    | RMB'000 | RMB'000 | RMB'000 |
|  | 人民幣千元              | 人民幣千元   | 人民幣千元              | 人民幣千元   | 人民幣千元                                      | 人民幣千元   | 人民幣千元   | 人民幣千元   |
| Sales to external customers 銷售予外部客戶                  | 267,398            | 233,067 | 4,355              | 5,197   | 22,169                                     | 25,951  | 293,922 | 264,215 |
| Segment profit/(loss) 分部盈利/(虧損)                      | 10,338             | 21,200  | 90                 | 645     | (10,237)                                   | (5,941) | 191     | 15,904  |
| Bank interest income 銀行利息收入                          |                    |         |                    |         |  |         | 448     | 379     |
| Other income 其他收入                                    |                    |         |                    |         |  |         | 2,217   | 8,647   |
| Corporate and other unallocated expenses 未分配之總部與其他開支 |                    |         |                    |         |  |         | (3,676) | (5,204) |
| Finance costs 財務費用                                   |                    |         |                    |         |  |         | (376)   | (495)   |
| (Loss)/profit before taxation 稅前(虧損)/利潤              |                    |         |                    |         |  |         | (1,196) | 19,231  |

## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

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

##### Disaggregation of revenue by timing of recognition (Continued)

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment results represent the profit (loss) from each segment without allocation of bank interest income, gain on sales of scrap materials, government grants, write-back of trade and other payables, net foreign exchange losses, central administration cost, directors' emoluments and finance costs. This is the measure reported to the executive directors of the Company for the purposes of resource allocation and performance assessment.

##### Other segment information

|   | Hair-care products                |                                   | Skin-care products                |                                   | Other household and personal care products |                                   | Unallocated                       |                                   | Total                             |                                   |
|---|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|--|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
|   | 護髮產品                              |                                   | 護膚產品                              |                                   | 其他家用及個人護理產品                                |                                   | 未分配的                              |                                   | 合計                                |                                   |
|   | 2018<br>二零一八年<br>RMB'000<br>人民幣千元 | 2017<br>二零一七年<br>RMB'000<br>人民幣千元 | 2018<br>二零一八年<br>RMB'000<br>人民幣千元 | 2017<br>二零一七年<br>RMB'000<br>人民幣千元 | 2018<br>二零一八年<br>RMB'000<br>人民幣千元          | 2017<br>二零一七年<br>RMB'000<br>人民幣千元 | 2018<br>二零一八年<br>RMB'000<br>人民幣千元 | 2017<br>二零一七年<br>RMB'000<br>人民幣千元 | 2018<br>二零一八年<br>RMB'000<br>人民幣千元 | 2017<br>二零一七年<br>RMB'000<br>人民幣千元 |
| <b>Amounts included in the measure of segment results</b>                                 | <b>計算分部結果時已計入款項</b>               |                                   |                                   |                                   |  |                                   |                                   |                                   |                                   |                                   |
| Additions to non-current assets   | 非流動資產增加                           |                                   |                                   |                                   |  |                                   |                                   |                                   |                                   |                                   |
|   | 2,178                             | 10,971                            | 48                                | 249                               | 194  | 1,247                             | —                                 | —                                 | 2,420                             | 12,467                            |
| Depreciation of property, plant and equipment   | 物業、廠房及設備折舊                        |                                   |                                   |                                   |  |                                   |                                   |                                   |                                   |                                   |
|   | 17,797                            | 14,887                            | 398                               | 338                               | 1,592                                      | 1,692                             | —                                 | 242                               | 19,787                            | 17,159                            |
| Loss on disposals of property, plant and equipment  | 處置物業、廠房及設備的損失                     |                                   |                                   |                                   |  |                                   |                                   |                                   |                                   |                                   |
|   | 33                                | 34                                | 1                                 | —                                 | 3  | —                                 | —                                 | —                                 | 37                                | 34                                |
| Impairment loss/ (reversal of impairment loss) recognised in respect of trade receivables | 減值損失/ 確認貿易應收款項(撥回)                |                                   |                                   |                                   |  |                                   |                                   |                                   |                                   |                                   |
|   | 1,998                             | (4,520)                           | 33                                | (102)                             | 165  | (514)                             | —                                 | —                                 | 2,196                             | (5,136)                           |
| Allowance for inventories   | 存貨跌價準備                            |                                   |                                   |                                   |  |                                   |                                   |                                   |                                   |                                   |
|   | 2,018                             | 99                                | 33                                | 2                                 | 169  | 11                                | —                                 | —                                 | 2,220                             | 112                               |
| Obsolete inventories written-off  | 逾期存貨報廢                            |                                   |                                   |                                   |  |                                   |                                   |                                   |                                   |                                   |
|   | 2,203                             | 1,059                             | 36                                | 247                               | 182  | 2,064                             | —                                 | —                                 | 2,421                             | 3,370                             |

#### 7. 營業額及分部資料(續)

##### 按收入的確認時間分類(續)

經營分部的會計政策與附註3所述之本集團的會計政策一致。分部業績指各分部所錄得之盈利(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、訴訟索賠收取、售賣廢料收益、政府補助、貿易及其他應收款項撥回、匯兌(虧損)淨額、訴訟計提費用確認、中央管理成本、董事薪酬以及融資成本。此乃為資源分配及表現評估而向本公司之執行董事報告之計量方式。

##### 其他分部資料

## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

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

##### Geographical information

The Group's operations are mainly located in the PRC (country of domicile) and Hong Kong.

The geographical location of customers is based on the location at which the goods delivered. The geographical location of the non-current assets is based on the physical location of the assets, in the case of property, plant and equipment.

#### 7. 營業額及分部資料(續)

##### 地區資料

本集團經營業務主要集中在中國(所在國家)和香港。

客戶的所在地區乃根據交付貨品的位置釐定。非流動資產的地理位置乃根據物業、廠房及設備實際所在位置而釐定。

|                           |          | Revenue from external customers<br>來自外部客戶的收入 |                                   | Non-current assets<br>非流動資產       |                                   |
|---------------------------|----------|--|-----------------------------------|-----------------------------------|-----------------------------------|
|                           |          | 2018<br>二零一八年<br>RMB'000<br>人民幣千元            | 2017<br>二零一七年<br>RMB'000<br>人民幣千元 | 2018<br>二零一八年<br>RMB'000<br>人民幣千元 | 2017<br>二零一七年<br>RMB'000<br>人民幣千元 |
| PRC (country of domicile) | 中國(所在國家) | 286,832                                      | 255,634                           | 113,918                           | 131,751                           |
| Hong Kong                 | 香港       | 3,310  | 4,395                             | 1,103                             | 652                               |
| Singapore                 | 新加坡      | 1,704  | 635                               | —                                 | —                                 |
| Thailand                  | 泰國       | 858  | 1,862                             | —                                 | —                                 |
| Malaysia                  | 馬來西亞     | 1,218  | 1,021                             | —                                 | —                                 |
| Venezuela                 | 委內瑞拉     | —  | 668                               | —                                 | —                                 |
| Total                     | 總計       | 293,922                                      | 264,215                           | 115,021                           | 132,403                           |

##### Information about major customers

There was no customer that contributed to 10% or more of the Group's revenue for the years ended 31 December 2018 and 2017.

##### 主要客戶訊息

截至二零一七年和二零一八年十二月三十一日止年度，本集團沒有總營業額貢獻10%以上的客戶。

## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

#### 8. Other Income

#### 8. 其他收入

|  |                   | 2018<br>二零一八年<br>RMB'000<br>人民幣千元 | 2017<br>二零一七年<br>RMB'000<br>人民幣千元 |
|--|-------------------|-----------------------------------|-----------------------------------|
| Bank interest income   | 銀行利息收入            | 448                               | 379                               |
| Gain on sales of scrap materials                                       | 處置廢料收益            | 1,100                             | 959                               |
| Government grants (note a)   | 政府補助金(附註a)        | 1,117                             | 2,741                             |
| Reversal of impairment loss recognised in respect of trade receivables | 貿易及應收款項的資產減值損失之回撥 | —                                 | 5,136                             |
| Reversal of over provision of other payables                           | 其他應付賬款的超額計提之回撥    | 179                               | —                                 |
| Write-back of trade and other payables                                 | 貿易及其他應付賬款之回撥      | —                                 | 4,947                             |
| Others   | 其他                | 270                               | —                                 |
|  |                   | <b>3,114</b>                      | <b>14,162</b>                     |

Note:

- (a) Included in the amount of government grants recognised during the year ended 31 December 2018 of approximately RMB1,117,000 (2017: approximately RMB2,741,000) were received from the PRC government in respect of certain research projects, electronic shopping platform projects and export encourage scheme, the relevant granting criteria for which have been fulfilled and were immediately recognised as other income for both years.

附註：

- (a) 截至二零一八年十二月三十一日，錄得政府補助金額約為人民幣1,117,000元(二零一七年度：約人民幣2,741,000元)，該金額是中國政府就關於某些研究項目、電商平台項目和出口鼓勵計劃達到發放標準而發放的，並於當年確認為其他收入。

#### 9. Finance Costs

#### 9. 財務費用

|                            |        | 2018<br>二零一八年<br>RMB'000<br>人民幣千元 | 2017<br>二零一七年<br>RMB'000<br>人民幣千元 |
|----------------------------|--------|-----------------------------------|-----------------------------------|
| Interest on bank borrowing | 銀行貸款利息 | 376                               | 495                               |

## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

#### 10. Taxation

#### 10. 稅項

|                                   |                      | 2018<br>二零一八年<br>RMB'000<br>人民幣千元 | 2017<br>二零一七年<br>RMB'000<br>人民幣千元 |
|-----------------------------------|----------------------|-----------------------------------|-----------------------------------|
| PRC Enterprise Income Tax ("EIT") | 中國企業所得稅<br>(「企業所得稅」) |                                   |                                   |
| – Current year                    | – 本年度                | –                                 | 4                                 |

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

The PRC EIT Law allows enterprises to apply for the certificates of "High and New Technology Enterprise" ("HNTE") which entitles the qualified companies to a preferential income tax rate of 15%. Bawang (Guangzhou) Co., Ltd. ("Bawang Guangzhou"), a PRC subsidiary of the Group, was qualified as a HNTE in 2009. However, Bawang Guangzhou did not have any assessable profits subject to EIT for the years ended 31 December 2018 and 2017.

- (b) No provision for Hong Kong Profits Tax has been provided for the years ended 31 December 2018 and 2017 as the Group does not have any assessable profits subject to Hong Kong Profits Tax for 2018 and 2017.
- (c) Pursuant to the laws and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI for the current and previous years.

- (a) 根據中國企業所得稅法(「企業所得稅法」)及企業所得稅法實施條例，本集團附屬公司的稅率自二零零八年一月一日起為25%。

中國企業所得稅法允許企業申請高新技術企業(「高新技術企業」)證書，而獲得該資格的企業可以享有15%的優惠稅率。霸王(廣州)有限公司(「霸王廣州」)於二零零九年被認定為高新技術企業。然而，截至二零一八年及二零一七年十二月三十一日止年度，霸王廣州並沒有任何須繳納企業所得稅之應課稅溢利。

- (b) 截至二零一八年及二零一七年十二月三十一日止年度，本集團並沒有任何須繳納香港所得稅之應課稅溢利，所以並無計提香港利得稅。
- (c) 根據開曼群島及英屬處女群島的規則及條例，本集團無須為以前及本年度繳納開曼群島及英屬處女群島的任何稅項。

## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

#### 10. Taxation (Continued)

Taxation for the year can be reconciled to the loss before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

#### 10. 稅項(續)

年內稅項與綜合損益表之稅前虧損對賬如下：

|  |                                  | 2018<br>二零一八年<br>RMB'000<br>人民幣千元 | 2017<br>二零一七年<br>RMB'000<br>人民幣千元 |
|--|----------------------------------|-----------------------------------|-----------------------------------|
| (Loss)/profit before taxation  | 稅前(虧損)/盈利                        | (1,196)                           | 19,231                            |
| Tax calculated at the domestic income tax rate of 25% (2017: 25%)          | 按本地所得稅稅率25%計算之稅項<br>(二零一七年度：25%) | (299)                             | 4,809                             |
| Effect of different tax rates of entities operating in other jurisdictions | 於其他司法權區經營之不同稅率之稅務影響              | 710                               | (1,709)                           |
| Tax effect of expenses not deductible for tax purpose                      | 不可扣減費用之稅務影響                      | 351                               | 1,516                             |
| Tax effect of income not taxable for tax purpose                           | 毋須課稅收入之稅務影響                      | (286)                             | (413)                             |
| Tax effect of tax losses not recognised                                    | 未確認稅務虧損之稅務影響                     | 2,343                             | 9                                 |
| Utilisation of other deductible temporary differences not recognised       | 動用其他可抵扣的未確認的暫時性差異                | (2,819)                           | (3,022)                           |
| Utilisation of tax losses previously not recognised                        | 動用先前未確認之稅項虧損                     | —                                 | (1,186)                           |
| Income tax expense   | 稅項                               | —                                 | 4                                 |

## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

#### 10. Taxation (Continued)

As at 31 December 2018, the Group has unused estimated tax losses of approximately RMB293,284,000 (2017: RMB277,795,000) and RMB33,546,000 (2017: RMB33,434,000) for certain subsidiaries in the PRC and Hong Kong respectively. The tax losses incurred by the subsidiaries incorporated in the PRC will expire in five years from the year in which the loss originated, while the ones incurred by the subsidiaries in Hong Kong will not expire under current tax legislation in Hong Kong. Certain tax losses of approximately RMB112,230,000 expired during the year ended 31 December 2018.

As at 31 December 2018, the Group has deductible temporary differences of approximately RMB385,874,000 (2017: RMB404,669,000). No deferred tax asset has been recognised in relation to such deductible temporary differences as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Under the PRC EIT Law, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. As at 31 December 2017, deferred taxation had not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to RMB17,000 (2018: nil) as the Group was able to control the timing of the reversal of the temporary differences and it was probable that the temporary differences will not reverse in the foreseeable future.

#### 10. 稅項(續)

截至二零一八年十二月三十一日，集團在中國內地和香港的部分子公司未使用的估計稅收損失分別約為人民幣293,284,000元(二零一七年度：人民幣277,795,000元)和人民幣33,546,000元(二零一七年度：人民幣33,434,000元)。在中國境內註冊的子公司所發生的稅務損失，自虧損發生之日起5年內屆滿；而在香港註冊的子公司所發生的稅務損失，根據香港現行的稅務法例，不會屆滿。在截至二零一八年十二月三十一日止年度裡，約有人民幣112,230,000元的稅收損失已經到期。

截至二零一八年十二月三十一日，本集團可扣除暫時性差異約人民幣385,874,000萬元(二零一七年度：人民幣404,669,000元)。由於不太可能有應稅利潤可用來抵扣可抵扣的暫時性差異，因此遞延稅項資產未確認與可抵扣暫時性差異有關。

根據中華人民共和國企業所得稅法，從二零一八年一月一日起，對在中國境內的子公司所賺取的利潤申報的股息徵收預扣稅。遞延稅收沒有提供在合併財務報表的暫時性差異歸因於積累中華人民共和國子公司會計利潤17,000元(二零一八年度：無)作為集團能夠控制暫時性差異的逆轉的時機，它可能是暫時性差異在可預見的未來不會逆轉。



## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

#### 11. (Loss)/Profit for the Year

(Loss)/profit for the year has been arrived at after charging:

#### 11. 年內(虧損)/利潤

稅前年內(虧損)/利潤已扣除下列項目：

|   |                        | 2018<br>二零一八年<br>RMB'000<br>人民幣千元 | 2017<br>二零一七年<br>RMB'000<br>人民幣千元 |
|---|------------------------|-----------------------------------|-----------------------------------|
| Auditor's remuneration  | 核數師酬金                  | 1,040                             | 1,025                             |
| Allowance for inventories (included in cost of inventories recognised as an expense above)        | 存貨跌價準備(計入以上確認為開支之存貨成本) | 2,220                             | 112                               |
| Cost of inventories recognised as an expense (note (a))   | 確認為開支之存貨成本(附註(a))      | 156,425                           | 136,902                           |
| Depreciation of property, plant and equipment   | 物業、廠房及設備折舊             | 19,787                            | 17,159                            |
| Impairment loss recognised in respect of trade receivables  | 確認貿易應收款項減值損失           | 2,196                             | —                                 |
| Loss on disposals of property, plant and equipment  | 處置物業、廠房及設備的損失          | 37                                | 34                                |
| Net foreign exchange losses   | 匯兌虧損淨額                 | —                                 | 1,679                             |
| Research and development costs recognised as an expense   | 確認為開支之研發成本             | 12,789                            | 10,794                            |
| Staff costs (note (b))  | 員工成本(附註(b))            | 47,654                            | 53,013                            |
| Obsolete inventories written-off (included in cost of inventories recognised as an expense above) | 逾期存貨報廢(計入以上確認為開支之存貨成本) | 2,421                             | 3,370                             |

Notes:

- (a) Cost of inventories recognised as an expense included depreciation of property, plant and equipment and staff costs of approximately RMB18,052,000 (2017: RMB14,898,000) and RMB13,875,000 (2017: RMB15,637,000) respectively. The amounts were also included in the respective amounts disclosed above.
- (b) Staff costs included redundancy costs of RMB2,033,000 for the year ended 31 December 2018 (2017: nil).

附註：

- (a) 確認為開支之存貨成本包括物業、廠房及設備折舊及員工成本分別約為人民幣18,052,000元(二零一七年度：約人民幣14,898,000元)及約人民幣13,875,000元(二零一七年度：約人民幣15,637,000元)。以上金額均已分別包含在以上披露金額中。
- (b) 截至二零一八年十二月三十一日止年度，員工成本包括遣散費用約人民幣2,033,000元(二零一七年度：無)。

## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

#### 12. Staff Costs

#### 12. 員工成本

|   |                    | 2018<br>二零一八年<br>RMB'000<br>人民幣千元 | 2017<br>二零一七年<br>RMB'000<br>人民幣千元 |
|---|--------------------|-----------------------------------|-----------------------------------|
| Staff costs (including directors' emoluments) comprise: | 員工成本(包括董事酬金):      |                                   |                                   |
| Salaries, allowances and benefits                       | 薪金、津貼及福利           | 42,976                            | 50,886                            |
| Contributions to retirement benefits schemes (note 33)  | 退休福利計劃供款<br>(附註33) | 2,645                             | 2,127                             |
| Termination benefits                                    | 辭退福利               | 2,033                             | —                                 |
|   |                    | 47,654                            | 53,013                            |

#### 13. Dividends

No dividend was paid or proposed for the year ended 31 December 2018 (2017: nil), nor has any dividend been proposed since the end of the reporting period (2017: nil).

#### 13. 股息

截至二零一八年十二月三十一日止年度並無派付或擬派任何股息(二零一七年度:無),自呈報期間後亦無擬派任何股息(二零一七年度:無)。

## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

#### 14. (Loss)/Earnings Per Share

The calculation of the basic and diluted (loss)/earnings per share attributable to the owners of the Company is based on the following data:

|   |                            | 2018<br>二零一八年<br>RMB'000<br>人民幣千元 | 2017<br>二零一七年<br>RMB'000<br>人民幣千元 |
|---|----------------------------|-----------------------------------|-----------------------------------|
| <b>(Loss)/earnings</b>  | <b>(虧損)/盈利</b>             |                                   |                                   |
| (Loss)/earnings for the purpose of basic and diluted (loss)/earnings per share                  | 以每股基本及攤薄(虧損)/盈利為目的的(虧損)/盈利 | <b>(1,196)</b>                    | 19,227                            |
|   |                            | 2018<br>二零一八年<br>'000<br>千股       | 2017<br>二零一七年<br>'000<br>千股       |
| <b>Number of shares</b>   | <b>股份數目</b>                |                                   |                                   |
| Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share   | 以每股基本(虧損)/盈利為目的的加權平均普通股數量  | <b>3,161,811</b>                  | 3,161,811                         |
| Effect of dilutive potential ordinary shares:   | 攤薄潛在普通股的影响:                |                                   |                                   |
| Share options   | 期權                         | <b>N/A</b><br>不適用                 | 445                               |
| Weighted average number of ordinary shares for the purpose of diluted (loss)/earnings per share | 以每股攤薄(虧損)/盈利為目的的加權平均普通股數   | <b>3,161,811</b>                  | 3,162,256                         |

For the year ended 31 December 2018, the computation of diluted loss per share does not assume the exercise of the Company's share options because their exercise would result in a decrease in loss per share.

#### 14. 每股(虧損)/盈利

本公司擁有人應佔之每股基本及攤薄盈利根據以下數據計算。

截至二零一八年十二月三十一日止年度，由於行使期權會導致每股虧損減少，所以攤薄每股虧損的計算並無假設行使任何本公司的購股權。

## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

#### 15. Directors' and Chief Executive's Emoluments 15. 董事及主要行政人員酬金

The emoluments paid or payable to each of the six (2017: six) directors and the chief executive were as follows:

已付或應付六名(二零一七年度：六名)董事及主要行政人員之酬金如下：

For the year ended 31 December 2018

截至二零一八年十二月三十一日止年度

|   |                                | Executive directors<br>執行董事   |  |   | Independent non-executive directors<br>非執行董事      |   |  |                                 |
|---|--------------------------------|---|--|---|---|---|--|---------------------------------|
|   |                                | Mr. CHEN<br>Mr. CHEN<br>Qiyuan<br>(Chairman)<br>陳啟源先生<br>(主席)<br>RMB'000<br>人民幣千元 | Mr. CHEN<br>Zheng He<br>(Chief<br>Executive)<br>陳正鶴先生<br>(首席<br>執行官)<br>RMB'000<br>人民幣千元 | Mr. WONG<br>Sin Yung<br>黃善裕先生<br>RMB'000<br>人民幣千元 | Dr. NGAI Wai<br>Fung<br>魏偉峰博士<br>RMB'000<br>人民幣千元 | Mr. CHEUNG<br>Kin Wing<br>張建榮先生<br>RMB'000<br>人民幣千元 | Dr. WANG Qi<br>王琦博士<br>RMB'000<br>人民幣千元<br>(note a)<br>(附註a) | Total<br>合計<br>RMB'000<br>人民幣千元 |
| <b>Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiaries</b>                                  | 本公司或其附屬公司的董事就其服務支付或應收的酬金       |   |  |   |   |   |  |                                 |
| Fees  | 袍金                             | —   | —  | —   | 251   | 167   | 125  | 543                             |
| <b>Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company and its subsidiaries</b> | 本公司或其附屬公司的董事就其管理其他事務服務支付或應數的酬金 |   |  |   |   |   |  |                                 |
| Other emoluments  | 其他酬金                           |   |  |   |   |   |  |                                 |
| Salaries  | 薪金、津貼                          | —   | 127  | 1,058   | —   | —   | —  | 1,185                           |
| Contributions to retirement benefits scheme   | 退休福利計劃供款                       | —   | 6  | 16  | —   | —   | —  | 22                              |
| <b>Total emoluments</b>   | <b>合計酬金</b>                    | <b>—</b>  | <b>133</b>   | <b>1,074</b>                                      | <b>251</b>  | <b>167</b>  | <b>125</b>   | <b>1,750</b>                    |

## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

#### 15. Directors' and Chief Executive's Emoluments (Continued)

For the year ended 31 December 2017

#### 15. 董事及主要行政人員酬金 (續)

截至二零一七年十二月三十一日止年度

|   | Executive directors<br>執行董事   |   |   | Independent non-executive directors<br>非執行董事      |   |   | Total      |              |
|---|---|---|---|---|---|---|------------|--------------|
|   | Mr. CHEN<br>Qiyuan<br>(Chairman)<br>陳啟源先生<br>(主席)<br>RMB'000<br>人民幣千元 | Mr. CHEN<br>Zheng He (Chief<br>Executive)<br>陳正鶴先生<br>(首席<br>執行官)<br>RMB'000<br>人民幣千元 | Mr. WONG<br>Sin Yung<br>黃善裕先生<br>RMB'000<br>人民幣千元 | Dr. NGAI Wai<br>Fung<br>魏偉峰博士<br>RMB'000<br>人民幣千元 | Mr. CHEUNG<br>Kin Wing<br>張建榮先生<br>RMB'000<br>人民幣千元 | Mr. LI Bida<br>李必達先生<br>RMB'000<br>人民幣千元<br>(note b)<br>(附註b) |            |              |
| <b>Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiaries</b>                                  | <b>本公司或其附屬公司的董事就其服務支付或應收的酬金</b>                                       |   |   |   |   |   |            |              |
| Fees  | 袍金  | —   | —   | —   | 260   | 173   | 148        | 581          |
| <b>Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company and its subsidiaries</b> | <b>本公司或其附屬公司的董事就其管理其他事務服務支付或應收的酬金</b>                                 |   |   |   |   |   |            |              |
| Other emoluments  | 其他酬金  |   |   |   |   |   |            |              |
| Salaries  | 薪金、津貼   | —   | 125   | 1,038   | —   | —   | —          | 1,163        |
| Contributions to retirement benefits scheme   | 退休福利計劃供款  | —   | 6   | 16  | —   | —   | —          | 22           |
| <b>Total emoluments</b>   | <b>合計酬金</b>   | <b>—</b>  | <b>131</b>  | <b>1,054</b>                                      | <b>260</b>  | <b>173</b>  | <b>148</b> | <b>1,766</b> |

Notes:

(a) Appointed on 17 April 2018.

(b) Passed away on 22 November 2017.

There was no discretionary bonus provided to the Directors for the years ended 31 December 2018 and 2017.

Mr. CHEN Zheng He is also the chief executive of the Company and his emoluments disclosed above included those for services rendered by him as the chief executive.

Neither the chief executive of the Company nor any of the Directors waived or agreed to waive any emoluments in the year ended 31 December 2018 (2017: nil).

附註：

(a) 該董事於二零一八年四月十七日任職。

(b) 該董事於二零一七年十一月二十二日逝世。

於二零一八年和二零一七年十二月三十一日董事無自由裁量的分紅。

陳正鶴先生擔任本公司首席執行官，上述披露之薪酬包括其擔任首席執行官的服務酬金。

截至二零一八年十二月三十一日止年度，本集團無董事及執行董事放棄或同意放棄任何酬金(二零一七年度：無)。

## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

#### 16. Employees' Emoluments

Of the five individuals with the highest emoluments in the Group, four (2017: four) were Directors whose emoluments are included in the disclosures in note 15 above. The emolument of the one (2017: one) individual was as follows:

|  |            | 2018<br>二零一八年<br>RMB'000<br>人民幣千元 | 2017<br>二零一七年<br>RMB'000<br>人民幣千元 |
|--|------------|-----------------------------------|-----------------------------------|
| Salaries, allowances and benefits        | 薪金、津貼及福利   | 169                               | 166                               |
| Retirement benefits scheme contributions | 退休員工福利計劃供款 | 8                                 | 8                                 |
|  |            | 177                               | 174                               |

Their emoluments were all within nil to HK\$1,000,000, equivalent to approximately RMB882,000 (2017: equivalent to approximately RMB865,000).

During the years ended 31 December 2018 and 2017, no emoluments were paid by the Group to the five highest paid individuals (including Directors and employees) or other Directors as an inducement to join or upon joining the Group, or as compensation for loss of office.

#### 16. 員工薪酬

五位最高薪酬人士中，四位(二零一七年度：四位)為董事，彼等薪酬於以上附註15披露。有關其他一名(二零一七年度：一位)最高薪酬人士的薪酬詳情如下：

其薪酬全部介乎零至人民幣882,000元，相等於港元1,000,000(二零一七年度：大約等於人民幣865,000元)。

於截至二零一八年及二零一七年十二月三十一日止年度期間，本集團並無支付酬金予本集團五名最高薪酬人士(包括董事及員工)或其他董事，作為邀請加入或於加盟本集團時之獎勵或作為離職補償。

# Notes to the Consolidated Financial Statements (Continued)

## 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

### 17. Property, Plant and Equipment

### 17. 物業、廠房及設備

|  |                         | Buildings | Machinery | Leasehold improvements | Motor vehicles | Office equipment and others | Display furniture | Bearer plants | Immature bearer plants | Construction in progress | Total   |
|--|-------------------------|-----------|-----------|------------------------|----------------|-----------------------------|-------------------|---------------|------------------------|--------------------------|---------|
|  |                         | 房屋        | 機器        | 經營租賃改良支出               | 運輸工具           | 辦公室設備及其他                    | 展示專櫃              | 生產性植物         | 不成熟的生產性植物              | 在建工程                     | 總計      |
|  |                         | RMB'000   | RMB'000   | RMB'000                | RMB'000        | RMB'000                     | RMB'000           | RMB'000       | RMB'000                | RMB'000                  | RMB'000 |
|  |                         | 人民幣千元     | 人民幣千元     | 人民幣千元                  | 人民幣千元          | 人民幣千元                       | 人民幣千元             | 人民幣千元         | 人民幣千元                  | 人民幣千元                    | 人民幣千元   |
| <b>COST</b>                                    | <b>成本</b>               |           |           |                        |                |                             |                   |               |                        |                          |         |
| At 1 January 2017                              | 於二零一七年一月一日              | 5,494     | 115,705   | 134,913                | 12,112         | 20,154                      | 937               | 45            | 406                    | 73,080                   | 362,846 |
| Exchange realignment                           | 匯兌調整                    | —         | —         | —                      | (515)          | —                           | —                 | —             | —                      | —                        | (515)   |
| Additions                                      | 添置                      | —         | 17        | 68                     | 286            | 230                         | —                 | —             | 126                    | 11,740                   | 12,467  |
| Disposals                                      | 出售                      | —         | —         | —                      | (96)           | (282)                       | —                 | (2)           | —                      | —                        | (380)   |
| Transfer from construction in progress         | 轉撥自在建工程                 | —         | —         | 45,100                 | —              | —                           | —                 | —             | —                      | (45,100)                 | —       |
| At 31 December 2017 and 1 January 2018         | 於二零一七年十二月三十一日及二零一八年一月一日 | 5,494     | 115,722   | 180,081                | 11,787         | 20,102                      | 937               | 43            | 532                    | 39,720                   | 374,418 |
| Exchange realignment                           | 匯兌調整                    | —         | —         | —                      | 354            | —                           | —                 | —             | —                      | —                        | 354     |
| Additions                                      | 添置                      | —         | 97        | 373                    | 466            | 1,221                       | —                 | —             | 263                    | —                        | 2,420   |
| Disposals                                      | 出售                      | —         | (89)      | —                      | (461)          | (18)                        | —                 | —             | —                      | (16)                     | (584)   |
| Transfer from construction in progress         | 轉撥自在建工程                 | —         | 10,338    | 18,383                 | —              | 518                         | —                 | —             | —                      | (29,239)                 | —       |
| At 31 December 2018                            | 於二零一八年十二月三十一日           | 5,494     | 126,068   | 198,837                | 12,146         | 21,823                      | 937               | 43            | 795                    | 10,465                   | 376,608 |
| <b>ACCUMULATED DEPRECIATION AND IMPAIRMENT</b> | <b>累計折舊</b>             |           |           |                        |                |                             |                   |               |                        |                          |         |
| At 1 January 2017                              | 於二零一七年一月一日              | 1,567     | 74,473    | 84,769                 | 11,227         | 17,714                      | 856               | 20            | —                      | 34,983                   | 225,609 |
| Exchange realignment                           | 匯率調整                    | —         | —         | —                      | (411)          | —                           | —                 | —             | —                      | —                        | (411)   |
| Depreciation provided for the year             | 年內折舊撥備                  | 247       | 2,567     | 13,749                 | 258            | 336                         | —                 | 2             | —                      | —                        | 17,159  |
| Eliminated on disposals                        | 出售時對銷                   | —         | —         | —                      | (87)           | (254)                       | —                 | (1)           | —                      | —                        | (342)   |
| At 31 December 2017 and 1 January 2018         | 於二零一七年十二月三十一日及二零一八年一月一日 | 1,814     | 77,040    | 98,518                 | 10,987         | 17,796                      | 856               | 21            | —                      | 34,983                   | 242,015 |
| Exchange realignment                           | 匯率調整                    | —         | —         | —                      | 294            | —                           | —                 | —             | —                      | —                        | 294     |
| Depreciation provided for the year             | 年內折舊撥備                  | 247       | 2,677     | 16,089                 | 82             | 690                         | —                 | 2             | —                      | —                        | 19,787  |
| Eliminated on disposals                        | 出售時對銷                   | —         | (80)      | —                      | (415)          | (14)                        | —                 | —             | —                      | —                        | (509)   |
| Transfer from construction in progress         | 轉撥自在建工程                 | —         | 3,585     | 21,045                 | —              | 388                         | —                 | —             | —                      | (25,018)                 | —       |
| At 31 December 2018                            | 於二零一八年十二月三十一日           | 2,061     | 83,222    | 135,652                | 10,948         | 18,860                      | 856               | 23            | —                      | 9,965                    | 261,587 |
| <b>CARRYING VALUES</b>                         | <b>賬面值</b>              |           |           |                        |                |                             |                   |               |                        |                          |         |
| At 31 December 2018                            | 於二零一八年十二月三十一日           | 3,433     | 42,846    | 63,185                 | 1,198          | 2,963                       | 81                | 20            | 795                    | 500                      | 115,021 |
| At 31 December 2017                            | 於二零一七年十二月三十一日           | 3,680     | 38,682    | 81,563                 | 800            | 2,306                       | 81                | 22            | 532                    | 4,737                    | 132,403 |

## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

#### 17. Property, Plant and Equipment (Continued)

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using straight-line method over their estimated useful lives as follows:

|                             |          |            |       |
|-----------------------------|----------|------------|-------|
| Buildings                   | 房屋       | 20 years   | 20年   |
| Machinery                   | 機器       | 15 years   | 15年   |
| Leasehold improvements      | 經營租賃改良支出 | 10 years   | 10年   |
| Motor vehicles              | 運輸工具     | 5-8 years  | 5-8年  |
| Office equipment and others | 辦公室設備及其他 | 5 years    | 5年    |
| Display furniture           | 展示專櫃     | 2 years    | 2年    |
| Bearer plants               | 生產性植物    | 3-25 years | 3-25年 |

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

#### 18. Biological Assets

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

|                                 |          | 2018<br>二零一八年<br>RMB'000<br>人民幣千元 | 2017<br>二零一七年<br>RMB'000<br>人民幣千元 |
|---------------------------------|----------|-----------------------------------|-----------------------------------|
| At 1 January                    | 於一月一日    | —                                 | 457                               |
| Herbs harvested during the year | 年內收獲的中草藥 | —                                 | (457)                             |
| At 31 December                  | 於十二月三十一日 | —                                 | —                                 |

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

#### 17. 物業、廠房及設備(續)

折舊是基於物業、廠房及設備的成本金額減去其預計剩餘價值後以下列預計可使用年期按直線法計算。

在建工程及不成熟的生物資產不計提折舊，直至當資產實質上完工，並達到可使用狀態。當其完工及投入運作時，將按上文所載適當比率開始計提折舊。

#### 18. 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。

於二零一八年十二月三十一日以及二零一七年，本集團無種植的中草藥。



## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

#### 19. Inventories

#### 19. 存貨

|  |          | <b>31/12/2018</b> | <b>1/1/2018</b> | <b>31/12/2017</b> |
|--|----------|-------------------|-----------------|-------------------|
|  |          | 二零一八年             | 二零一八年           | 二零一七年             |
|  |          | 十二月三十一日           | 一月一日            | 十二月三十一日           |
|  |          | RMB'000           | RMB'000         | RMB'000           |
|  |          | 人民幣千元             | 人民幣千元           | 人民幣千元             |
| Raw materials                          | 原材料      | 11,781            | 15,255          | 15,255            |
| Work-in-progress                       | 在製品      | 3,105             | 2,335           | 2,335             |
| Finished goods                         | 製成品      | 12,713            | 7,103           | 16,409            |
| Packing materials and consumable goods | 包裝材料及消耗品 | 12,011            | 13,582          | 13,582            |
|  |          | 39,610            | 38,275          | 47,581            |

#### 20. Right to Returned Goods Asset

#### 20. 退回貨物之權利

|                               |         | <b>31/12/2018</b> | <b>1/1/2018</b> |
|-------------------------------|---------|-------------------|-----------------|
|                               |         | 二零一八年             | 二零一八年           |
|                               |         | 十二月三十一日           | 一月一日            |
|                               |         | RMB'000           | RMB'000         |
|                               |         | 人民幣千元             | 人民幣千元           |
| Right to returned goods asset | 退回貨物之權利 | 2,392             | 9,306           |

The right to returned goods asset represents the Group's right to recover products from customers where customers exercise their right of return under the Group's returns policy. The Group uses its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method.

退貨資產的權利代表本集團有權向根據本集團退貨政策行使退貨權的客戶收回產品。該集團利用其積累的歷史經驗，利用期望值法估計未來進貨的數量。

## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

#### 21. Trade and Other Receivables

#### 21. 貿易及其他應收款項

|   |                              | <b>31/12/2018</b> | <b>1/1/2018</b> | <b>31/12/2017</b> |
|---|------------------------------|-------------------|-----------------|-------------------|
|   |                              | 二零一八年             | 二零一八年           | 二零一七年             |
|   |                              | 十二月三十一日           | 一月一日            | 十二月三十一日           |
|   |                              | RMB'000           | RMB'000         | RMB'000           |
|   |                              | 人民幣千元             | 人民幣千元           | 人民幣千元             |
| Receivables within the scope of IFRS 15 at amortised cost comprise: | 在國際財務報告準則第15號範圍內的應收賬款攤餘成本包括： |                   |                 |                   |
| Trade receivables   | 貿易應收款項                       | 41,243            | 48,321          | 48,321            |
| Less: loss allowance for impairment of trade receivables            | 減：貿易應收款項減值準備                 | (10,590)          | (8,394)         | (6,810)           |
|   |                              | 30,653            | 39,927          | 41,511            |
| Prepayment for purchase of raw materials                            | 購買原材料預付款項                    | 2,888             | 1,628           | 1,628             |
| Short-term prepaid advertising fees                                 | 短期待攤廣告費用                     | 649               | 392             | 392               |
| Other prepayments   | 其他預付款項                       | 940               | 1,009           | 1,009             |
| Non-income tax receivables  | 非所得稅應收款項                     | 193               | 121             | 121               |
| Other receivables   | 其他應收款項                       | 712               | 797             | 797               |
|   |                              | 36,035            | 43,874          | 45,458            |

## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

#### 21. Trade and Other Receivables (Continued)

The Group allows an average credit period of 30 to 90 days to its trade customers. The following is an aged analysis of trade receivables net of allowance for impairment of trade receivables presented based on the invoice date, which approximates the respective revenue recognition dates, at the end of the reporting period:

|  |                  | <b>31/12/2018</b><br>二零一八年<br>十二月三十一日<br>RMB'000<br>人民幣千元 | <b>1/1/2018</b><br>二零一八年<br>一月一日<br>RMB'000<br>人民幣千元 | <b>31/12/2017</b><br>二零一七年<br>十二月三十一日<br>RMB'000<br>人民幣千元 |
|--|------------------|---|--|---|
| Less than 3 months                         | 少於3個月            | 23,614  | 29,655   | 29,920  |
| More than 3 months but less than 6 months  | 多於3個月<br>但少於6個月  | 4,073   | 10,041   | 10,438  |
| More than 6 months but less than 12 months | 多於6個月<br>但少於12個月 | 2,966   | 231  | 1,153   |
|  |                  | <b>30,653</b>   | <b>39,927</b>  | <b>41,511</b>   |

As at 31 December 2017, included in the Group's trade receivables balances were debtors with aggregate carrying amount of RMB16,227,000 which were past due as at the end of the reporting period for which the Group had not provided for impairment loss because these receivables related to a number of independent customers that had a good track settlement record with the Group. Based on past experience, the management believes that no impairment allowance was necessary in respect of these balances as there had not been a significant change in credit quality and the balances were still considered to be fully recoverable. The Group did not hold any collateral over these balances.

The aged analysis of trade receivables which are past due but not impaired is set out below:

|  |         | <b>2017</b><br>二零一七年<br>RMB'000<br>人民幣千元 |
|--|---------|--|
| Less than 3 months past due                        | 逾期少於3個月 | 15,323                                   |
| More than 3 months but less than 6 months past due | 逾期3至6個月 | 904                                      |
|  |         | <b>16,227</b>                            |

#### 21. 貿易及其他應收款項(續)

本集團允許貿易客戶平均信貸期限為30至90天。根據發票日亦大約是收入確認日呈列之扣除減值貿易應收款項於呈報期末的賬齡分析如下：

於二零一七年十二月三十一日，本集團的已逾期但無作出減值撥備之貿易應收款項結餘賬面總值約人民幣16,227,000元。因為逾期但無減值的應收款項與若干獨立客戶有關，該等客戶與本集團的交易記錄良好。由於信用質素並無重大變化，且該等結餘仍被認為可以全數收回，根據以往經驗，管理層相信無需就該等結餘作出減值撥備。本集團並無就該等應收及其他應收款項持有任何抵押品。

已逾期但未進行減值準備的貿易應收款項的賬齡分析如下：

## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

#### 21. Trade and Other Receivables (Continued)

As at 31 December 2018, the Group measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Group recognised lifetime ECL for trade receivables based on the ageing of customers collectively that are not individually significant as follows:

|  |                  | <b>Weighted<br/>average<br/>expected loss<br/>rate</b> | <b>Gross<br/>carrying<br/>amount</b> | <b>Loss<br/>allowance</b> |
|--|------------------|--|--------------------------------------|---------------------------|
|  |                  | 加權平均<br>預期損失率<br>%                                     | 賬面價值<br>總額<br>RMB'000<br>人民幣千元       | 減值準備<br>RMB'000<br>人民幣千元  |
|  |                  | 百分比  |                                      |                           |
| Less than 3 months                         | 少於3個月            | 3.13%  | 24,377                               | 762                       |
| More than 3 months but less than 6 months  | 多於3個月<br>但少於6個月  | 15.55%   | 4,822                                | 750                       |
| More than 6 months but less than 12 months | 多於6個月<br>但少於12個月 | 31.07%   | 4,303                                | 1,337                     |
| More than 12 months                        | 多於12個月           | 100%   | 7,741                                | 7,741                     |
|  |                  |  | 41,243                               | 10,590                    |

Generally, trade receivables are written-off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery and are not subject to enforcement activity. The Group does not hold collateral as security.

#### 21. 貿易及其他應收款項(續)

截至二零一八年十二月三十一日止，本集團計算的貿易應收款項損失備抵額相當於全期預期信用損失。預期信貸損失提供應收款項估計使用矩陣，參照過去的違約債務人的經驗調整的特定於債務人的因素，綜合經濟條件的行業的債務人操作和評估當前的條件以及預測方向的報告日期。

本集團根據客戶的整體賬齡，就個別並不重要的貿易應收款項，確認全期預期信用損失如下：

一般來說，當有資料顯示債務人有嚴重的財政困難，沒有實際的回收前景，並且不受強制執行活動的影響時，貿易應收款項才註銷。本集團不持有抵押品作為擔保。

## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

#### 21. Trade and Other Receivables (Continued)

The movement in the loss allowance for impairment of trade receivables is set out below:

|                                       |                      | 2018<br>二零一八年<br>RMB'000<br>人民幣千元 | 2017<br>二零一七年<br>RMB'000<br>人民幣千元 |
|---------------------------------------|----------------------|-----------------------------------|-----------------------------------|
| At 1 January                          | 於一月一日                | 6,810                             | 11,946                            |
| Effect on adoption of IFRS 9          | 採用國際財務報告準則<br>第9號的影響 | 1,584                             | —                                 |
| At 1 January, as restated             | 於一月一日，如重列            | 8,394                             | 11,946                            |
| Impairment loss recognised/(reversed) | 確認的減值損失(已轉回)         | 2,196                             | (5,136)                           |
| At 31 December                        | 於十二月三十一日             | 10,590                            | 6,810                             |

As at 31 December 2017, the Group's trade receivables of RMB6,810,000 were individually determined to be impaired. The individually impaired receivables related to customers that were in financial difficulties and the management assessed that full amount of these receivables was unlikely to be recovered. Consequently full provision for these doubtful debts was recognised. The Group did not hold any collateral over these balances.

貿易應收款項減值損失準備的變動情況如下：

於二零一七年十二月三十一日，本集團有約人民幣6,810,000元的貿易應收款項經個別確認後進行減值損失。該等出現個別減值的應收款為客戶陷入財務困難，而且管理層評估認為不能全數收回的應收款項。因此本集團已對該等呆賬做出全數撥備。本集團並無就該等結餘持有任何抵押品。

#### 22. Deposit with Bank/Bank Balances and Cash

##### Deposit with bank

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

##### Bank balances and cash

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

#### 22. 抵押銀行存款/銀行存款/ 銀行結餘及現金

##### 銀行存款

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

##### 銀行結存及現金

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

## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

#### 23. Trade and Other Payables

#### 23. 貿易及其他應付款項

|  |                | <b>31/12/2018</b> | <b>1/1/2018</b> | <b>31/12/2017</b> |
|--|----------------|-------------------|-----------------|-------------------|
|  |                | 二零一八年             | 二零一八年           | 二零一七年             |
|  |                | 十二月三十一日           | 一月一日            | 十二月三十一日           |
|  |                | RMB'000           | RMB'000         | RMB'000           |
|  |                | 人民幣千元             | 人民幣千元           | 人民幣千元             |
| Trade payables   | 貿易應付款項         | 29,612            | 30,527          | 30,527            |
| Receipt in advance                                       | 預收款項           | —                 | —               | 16,236            |
| Payable for acquisition of property, plant and equipment | 應付物業、廠房及設備購置費用 | 1,933             | 1,802           | 1,802             |
| Promotion fee payables                                   | 應付推廣費用         | 22,236            | 13,838          | 13,838            |
| Accrued payroll  | 應付工資           | 3,513             | 4,429           | 4,429             |
| Provision of sales returns                               | 銷售返利撥備         | —                 | —               | 16,746            |
| Non-income tax payables                                  | 非所得稅應付款        | 7,404             | 9,016           | 9,016             |
| Other payables and accruals                              | 其他應付款項及預提費用    | 16,670            | 24,845          | 24,845            |
|  |                | <b>81,368</b>     | <b>84,457</b>   | <b>117,439</b>    |

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

根據發票日期之日呈列之貿易應付款項於呈報期末之賬齡分析如下：

|                                   |              | <b>2018</b>   | <b>2017</b> |
|-----------------------------------|--------------|---------------|-------------|
|                                   |              | 二零一八年         | 二零一七年       |
|                                   |              | RMB'000       | RMB'000     |
|                                   |              | 人民幣千元         | 人民幣千元       |
| Within 1 month or on demand       | 1個月內到期或按通知償還 | <b>24,492</b> | 23,663      |
| After 1 month but within 3 months | 1個月後但於3個月內到期 | <b>5,120</b>  | 6,864       |
|                                   |              | <b>29,612</b> | 30,527      |

The average credit period on purchases is 30 to 90 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

由供應商給予的信貸期介於30至90日。本集團有相應的財務風險管理策略保證所有應付款項及時償還。

## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

#### 24. Contract Liabilities

#### 24. 合同負債

|  | <b>31/12/2018</b><br>二零一八年<br>十二月三十一日<br>RMB'000<br>人民幣千元 | <b>1/1/2018</b><br>二零一八年<br>一月一日<br>RMB'000<br>人民幣千元 |
|--|---|--|
| Advances received to deliver goods 預收貨物運輸款 | 7,587   | 16,236   |

The significant change in contract liabilities in 2018 was mainly due to less sales orders were received from retailers.

二零一八年合同負債的顯著變化主要是由於從零售商處接到的銷售訂單減少。

Revenue recognised during the year ended 31 December 2018 that was included in the contract liabilities as at 1 January 2018 is RMB16,236,000. There was no revenue recognised in the current year that related to performance obligations that were satisfied in a prior year.

截至二零一八年一月一日止，合同負債中計入的截至二零一八年十二月三十一日止年度確認營業額為人民幣16,236,000元。本年度並無確認與上一年度履行的履行義務有關的營業額。

#### 25. Refund Liabilities

#### 25. 償還負債

|                         | <b>31/12/2018</b><br>二零一八年<br>十二月三十一日<br>RMB'000<br>人民幣千元 | <b>1/1/2018</b><br>二零一八年<br>一月一日<br>RMB'000<br>人民幣千元 |
|-------------------------|---|--|
| Refund liabilities 償還負債 | 4,164   | 16,746   |

The refund liabilities relate to customers' right to return products after three months of purchase. At the point of sale, a refund liability and a corresponding adjustment to revenue is recognised for those products expected to be returned. The Group uses its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method.

退款責任涉及顧客在購買三個月後有權退貨。在銷售點，預計會被退回的產品須承擔退款責任，並按收入作出相應調整。該集團利用其積累的歷史經驗，利用期望值法估計投資組合水平上的回報率。

## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

#### 26. Bank Borrowing

|                           |          | 2018<br>二零一八年<br>RMB'000<br>人民幣千元 | 2017<br>二零一七年<br>RMB'000<br>人民幣千元 |
|---------------------------|----------|-----------------------------------|-----------------------------------|
| Fixed-rate bank borrowing | 固定利率銀行借款 | 12,550                            | —                                 |

Carrying amount repayable (based on scheduled repayment dates set out in the loan agreement):

|                 |     | 2018<br>二零一八年<br>RMB'000<br>人民幣千元 | 2017<br>二零一七年<br>RMB'000<br>人民幣千元 |
|-----------------|-----|-----------------------------------|-----------------------------------|
| Within one year | 一年內 | 12,550                            | —                                 |

Notes:

- (a) As at 31 December 2018, bank borrowing of approximately RMB12,550,000 (2017: nil) bore interest at fixed rate of 6.09% per annum and due within one year.
- (b) As at 31 December 2018, bank borrowing was guaranteed by Mr. CHEN Qiyuan and secured by the Group's buildings included in property, plant and equipment with carrying amounts of RMB3,433,000 (2017: nil) and the properties of Mr. CHEN Qiyuan.
- (c) At the end of the reporting period, the Group has available unutilised bank loan facilities of approximately RMB67,450,000 (2017: RMB80,000,000).

#### 26. 銀行借款

承付額度(根據貸款協議規定的計劃還款日期):

|                 |     | 2018<br>二零一八年<br>RMB'000<br>人民幣千元 | 2017<br>二零一七年<br>RMB'000<br>人民幣千元 |
|-----------------|-----|-----------------------------------|-----------------------------------|
| Within one year | 一年內 | 12,550                            | —                                 |

附註:

- (a) 截至二零一八年十二月三十一日止，銀行借款約1,255萬元人民幣(二零一七年度：零)，年利率為6.09%，一年內到期。
- (b) 截至二零一八年十二月三十一日止，銀行借款由陳啟源先生擔保，並由集團的房產、廠房、設備等建築物及陳啟源先生的房產擔保，擔保金額為343.3萬元人民幣(二零一七年度：零)。
- (c) 於呈報期末，本集團未使用的銀行貸款額度約6,745萬元人民幣(二零一七年度：8,000萬元人民幣)。



## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

#### 27. Provision

#### 27. 計提準備

|                |          | Provision for litigation<br>訴訟計提費用 |                                   |
|----------------|----------|------------------------------------|-----------------------------------|
|                |          | 2018<br>二零一八年<br>RMB'000<br>人民幣千元  | 2017<br>二零一七年<br>RMB'000<br>人民幣千元 |
| At 1 January   | 於一月一日    | 338                                | 2,503                             |
| Payment made   | 已支付款項    | —                                  | (2,165)                           |
| At 31 December | 於十二月三十一日 | 338                                | 338                               |

Details of the litigations are set out in note 36.

訴訟詳見附註36。

#### 28. Share Capital and Reserves

#### 28. 股本及儲備

##### (a) Share capital

##### (a) 股本

|   |  | Number of<br>shares<br>股份數目 | RMB'000<br>人民幣千元 |
|---|--|-----------------------------|------------------|
|   |  | '000<br>千股                  |                  |
| Ordinary shares of HK\$0.1 each   | 每股港元0.1之普通股  |                             |                  |
| Authorised:   | 法定：  |                             |                  |
| At 1 January 2017,<br>31 December 2017,<br>1 January 2018 and<br>31 December 2018 | 於二零一七年一月一日、二零一七年<br>十二月三十一日、二零一八年一月<br>一日及二零一八年十二月三十一日 | 10,000,000                  | 880,500          |
| Issued and fully paid<br>ordinary shares:   | 已發行及繳足：  |                             |                  |
| At 1 January 2017,<br>31 December 2017,<br>1 January 2018 and<br>31 December 2018 | 於二零一七年一月一日、二零一七年<br>十二月三十一日、二零一八年一月<br>一日及二零一八年十二月三十一日 | 3,161,811                   | 277,878          |

## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

#### 28. 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 the accounting policy set out in note 3.

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

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

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

#### 28. 股本及儲備(續)

##### (b) 儲備性質及用途

###### (i) 股本溢價

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

###### (ii) 資本儲備

授予本公司僱員的購股權未行駛的部份，將其於授予日期的公允價值按照附註3股份支付的會計政策於資本儲備中確認。

###### (iii) 中國法定儲備

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

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



## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

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

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

###### (iii) PRC statutory reserves (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 USD12,500,000, which was previously held by a company owned by the Controlling Shareholders of the Group, at a consideration of the same amount. Accordingly, the share capital of Bawang Guangzhou was eliminated and a merger reserve arose due to foreign exchange differences.

###### (v) Translation reserve

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

###### (vi) Other reserve

The other reserve represents the deemed contribution by the Controlling Shareholders in the form of non-interest bearing loans to a subsidiary as detailed in note 34(c). The amounts are estimated by discounting the nominal value of the non-interest bearing loans to the subsidiary at an effective interest rate.

#### 28. 股本及儲備(續)

##### (b) 儲備性質及用途(續)

###### (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,以將有關儲備轉換為股本,惟進行有關發行後的結餘不得少於註冊資本的25%。

###### (iv) 合併儲備

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

###### (v) 匯兌儲備

匯兌儲備包括換算中國境外業務之財務報表(即人民幣)所產生的全部匯兌差額。

###### (vi) 其他儲備

其他儲備是指控股股東借給於附註34(c)所述之附屬公司的免息貸款所產生之視同注資。該數額由以實際利率折現的借給子公司之免息貸款的賬面價值來估算。

## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

#### 29. Equity-Settled Share-Based Transactions

##### (a) Pre-IPO share option scheme

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

#### 29. 以股權結算並以股份為基礎的交易

##### (a) 首次公開發售前購股權計劃

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

## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

#### 29. Equity-Settled Share-Based Transactions (Continued)

##### (a) Pre-IPO share option scheme (Continued)

Details of specific categories of Pre-IPO Share Options Scheme are as follows:

|  | Date of grant<br>授予日期                    | Number of instruments<br>購股權數目            | Vesting period<br>歸屬期                     | Contractual life<br>of options<br>購股權合約期 |                |
|--|--|---|---|--|----------------|
| Options granted to directors<br>授予董事的購股權 | 8 June 2009<br>二零零九年六月八日                 | 1,260,000                                 | 1 year from 3 July 2009<br>二零零九年七月三日起計一年  | 10 years<br>十年                           |                |
|  | 8 June 2009<br>二零零九年六月八日                 | 735,000                                   | 2 years from 3 July 2009<br>二零零九年七月三日起計兩年 | 10 years<br>十年                           |                |
|  | 8 June 2009<br>二零零九年六月八日                 | 735,000                                   | 3 years from 3 July 2009<br>二零零九年七月三日起計三年 | 10 years<br>十年                           |                |
|  | 8 June 2009<br>二零零九年六月八日                 | 735,000                                   | 4 years from 3 July 2009<br>二零零九年七月三日起計四年 | 10 years<br>十年                           |                |
|  | 8 June 2009<br>二零零九年六月八日                 | 735,000                                   | 5 years from 3 July 2009<br>二零零九年七月三日起計五年 | 10 years<br>十年                           |                |
|  | Options granted to employees<br>授予僱員的購股權 | 8 June 2009<br>二零零九年六月八日                  | 1,669,920                                 | 1 year from 3 July 2009<br>二零零九年七月三日起計一年 | 10 years<br>十年 |
|  | 8 June 2009<br>二零零九年六月八日                 | 1,868,160                                 | 2 years from 3 July 2009<br>二零零九年七月三日起計兩年 | 10 years<br>十年                           |                |
| 8 June 2009<br>二零零九年六月八日                 | 2,066,400                                | 3 years from 3 July 2009<br>二零零九年七月三日起計三年 | 10 years<br>十年                            |  |                |
| 8 June 2009<br>二零零九年六月八日                 | 2,264,640                                | 4 years from 3 July 2009<br>二零零九年七月三日起計四年 | 10 years<br>十年                            |  |                |
| 8 June 2009<br>二零零九年六月八日                 | 2,462,880                                | 5 years from 3 July 2009<br>二零零九年七月三日起計五年 | 10 years<br>十年                            |  |                |
| Total share options granted<br>授予購股權總數   |  | 14,532,000                                |   |  |                |

#### 29. 以股權結算並以股份為基礎的交易(續)

##### (a) 首次公開發售前購股權計劃(續)

首次公開發售前購股權計劃詳情如下：

## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

#### 29. Equity-Settled Share-Based Transactions (Continued)

- (b) The following table disclosed the movements of the Company's share options held by Directors and employees for the years ended 31 December 2018 and 2017:

| Option type<br>購股權類型  |  | Number of share options<br>購股權數目 |
|---|--|----------------------------------|
| Pre-IPO Share Option Scheme<br>As at 1 January 2017, 31 December 2017, 1 January 2018 and 31 December 2018  | 首次公開發售前購股權<br>於二零一七年一月一日、<br>二零一七年十二月三十<br>一日、二零一八年<br>一月一日及二零一八年<br>十二月三十一日 | 1,654,000                        |
| Exercisable at the end of the reporting period<br>As at 1 January 2017, 31 December 2017 and 1 January 2018 | 於呈報期末可行使的<br>購股權<br>於二零一七年一月一日、<br>二零一七年十二月三十<br>一日及二零一八年<br>一月一日            | 1,654,000                        |
| Lapsed during the year  | 於年內失效  | (67,200)                         |
| As at 31 December 2018  | 於二零一八年<br>十二月三十一日  | 1,586,800                        |
| Weighted average exercise price   | 加權平均行使價  | HK\$0.77<br>港元0.77               |
| As at 1 January 2017, 31 December 2017, 1 January 2018 and 31 December 2018                                 | 於二零一七年一月一日、<br>二零一七年十二月三十<br>一日、二零一八年<br>一月一日及二零一八年<br>十二月三十一日               |                                  |

The options outstanding at 31 December 2018 had a weighted average remaining contractual life of 0.43 year (2017: 1.43 years).

於二零一八年十二月三十一日，尚未行使購股權的加權平均剩餘合約期為0.43年(二零一七年度：1.43年)。

#### 29. 以股權結算並以股份為基礎的交易(續)

- (b) 下表披露截至二零一八年及二零一七年十二月三十一日止年度董事及僱員持有股權之變動：

## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

### 30. Statement of Financial Position of the Company

### 30. 本公司財務狀況表

|                                      |               | Notes<br>附註 | 2018<br>二零一八年<br>RMB'000<br>人民幣千元 | 2017<br>二零一七年<br>RMB'000<br>人民幣千元 |
|--------------------------------------|---------------|-------------|-----------------------------------|-----------------------------------|
| <b>Non-current assets</b>            | <b>非流動資產</b>  |             |                                   |                                   |
| Unlisted investments in subsidiaries | 於非上市附屬公司的投資   |             | —                                 | —                                 |
| Amounts due from subsidiaries        | 應收附屬公司款項      | a           | —                                 | 1,710                             |
|                                      |               |             | —                                 | 1,710                             |
| <b>Current assets</b>                | <b>流動資產</b>   |             |                                   |                                   |
| Other receivable                     | 其他應收款         |             | 42                                | 298                               |
| Amounts due from subsidiaries        | 應收附屬公司款項      | b           | 11,925                            | 13,579                            |
| Bank balances and cash               | 銀行結存及現金       |             | 1,247                             | 2,939                             |
|                                      |               |             | 13,214                            | 16,816                            |
| <b>Current liabilities</b>           | <b>流動負債</b>   |             |                                   |                                   |
| Other payables                       | 其他應付款項        |             | 1,748                             | 4,085                             |
| Amount due to a subsidiary           | 應付附屬公司款項      | b           | 2,706                             | —                                 |
| <b>Net current assets</b>            | <b>流動資產淨額</b> |             | <b>4,454</b>                      | 12,731                            |
| <b>Net assets</b>                    | <b>資產淨值</b>   |             | <b>8,760</b>                      | 14,441                            |
| <b>Capital and reserves</b>          | <b>資本及儲備</b>  |             |                                   |                                   |
| Share capital                        | 股本            |             | 277,878                           | 277,878                           |
| Reserves                             | 儲備            | c           | (269,118)                         | (263,437)                         |
| <b>Total equity</b>                  | <b>權益總額</b>   |             | <b>8,760</b>                      | 14,441                            |

Notes:

- (a) The amounts were unsecured, non-interest bearing and not expected to be recoverable within the next twelve months from the end of the reporting period.
- (b) The amount is unsecured, non-interest bearing and repayable on demand.

附註：

- (a) 該款項免息無抵押，預期，本報告期結束後十二個月內不會收回。
- (b) 該款項無抵押、免息並按要求償還。

## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

### 30. Statement of Financial Position of the Company (Continued)

Notes: (Continued)

(c) Movements in the reserves during the years are as follows:

|   |                         | Share premium | Capital reserve | Translation reserve | Accumulated losses | Total     |
|---|-------------------------|---------------|-----------------|---------------------|--------------------|-----------|
|   |                         | 股本溢價          | 資本儲備            | 匯兌儲備                | 累計虧損               | 總額        |
|   |                         | RMB'000       | RMB'000         | RMB'000             | RMB'000            | RMB'000   |
|   |                         | 人民幣千元         | 人民幣千元           | 人民幣千元               | 人民幣千元              | 人民幣千元     |
|   |                         | (note 28(b))  | (note 28(b))    | (note 28(b))        |                    |           |
|   |                         | (附註28(b))     | (附註28(b))       | (附註28(b))           |                    |           |
| At 1 January 2017                                 | 於二零一七年一月一日              | 1,400,650     | 2,814           | (110,545)           | (1,554,243)        | (261,324) |
| Total comprehensive income/(expense) for the year | 年內全面收入/(開支)總額           | —             | —               | 48                  | (2,161)            | (2,113)   |
| At 31 December 2017 and 1 January 2018            | 於二零一七年十二月三十一日及二零一八年一月一日 | 1,400,650     | 2,814           | (110,497)           | (1,556,404)        | (263,437) |
| Total comprehensive expense for the year          | 年內全面費用總額                | —             | —               | (557)               | (5,124)            | (5,681)   |
| At 31 December 2018                               | 於二零一八年十二月三十一日           | 1,400,650     | 2,814           | (111,054)           | (1,561,528)        | (269,118) |

### 30. 本公司財務狀況表(續)

附註：(續)

(c) 儲備年內變動情況如下：

### 31. Lease Commitments

#### The Group as lessee

|   |                 | 2018<br>二零一八年<br>RMB'000<br>人民幣千元 | 2017<br>二零一七年<br>RMB'000<br>人民幣千元 |
|---|-----------------|-----------------------------------|-----------------------------------|
| Minimum lease payments paid under operating leases during the year: | 根據經營租約已付之最低租賃款項 |                                   |                                   |
| Production premises   | 生產場地            | 9,575                             | 9,592                             |
| Office premises   | 辦公場所            | 78                                | 1,004                             |
|   |                 | 9,653                             | 10,596                            |

### 31. 租約承擔

#### 本集團作為承租人



## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

#### 31. Lease Commitments (Continued)

##### The Group as lessee (Continued)

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

|                                       |                      | 2018<br>二零一八年<br>RMB'000<br>人民幣千元 | 2017<br>二零一七年<br>RMB'000<br>人民幣千元 |
|---------------------------------------|----------------------|-----------------------------------|-----------------------------------|
| Within one year                       | 一年以內                 | 8,683                             | 8,681                             |
| In the second to fifth year inclusive | 第二至第五年<br>(包括首尾兩年在內) | 8,038                             | 16,677                            |
| Over five years                       | 五年以上                 | 435                               | 465                               |
|                                       |                      | 17,156                            | 25,823                            |

Operating lease payments represent rentals payable by the Group for certain of its production premises and office. Leases are negotiated for average terms ranging from 1 to 30 years (2017: 1 to 30 years). Rentals are fixed over the terms of respective leases.

#### 31. 租約承擔(續)

##### 本集團作為承租人(續)

於呈報期末，本集團不可撤銷的經營租約之未來最低租金承擔到期情況如下：

經營租金是指本集團支付租用其生產廠房及辦公場所的租賃費用。租期經協商之原租期介乎一年至三十年(二零一七年度：一年至三十年)。租金在各租約期內固定不變。

#### 32. Capital Commitments

|   |                             | 2018<br>二零一八年<br>RMB'000<br>人民幣千元 | 2017<br>二零一七年<br>RMB'000<br>人民幣千元 |
|---|-----------------------------|-----------------------------------|-----------------------------------|
| Capital expenditure in respect of the acquisition of property, plant and equipment contracted but not provided in the consolidated financial statements | 未在財務報表中反映的有關購買物業、廠房及設備的資本承擔 | 343                               | 2,731                             |

#### 32. 資本承擔

## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

#### 33. Retirement Benefit Scheme Contributions

##### (a) The PRC

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

##### (b) Hong Kong

The Group also maintains the MPF Scheme for all qualifying employees in Hong Kong in accordance with the requirements of the Mandatory Provident Fund Schemes Ordinance and related regulations. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant payroll costs to the Scheme, of which the contribution was matched by employees and subject to a cap of HK\$1,500 per employee.

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

The total expense recognised in profit or loss of approximately RMB2,645,000 (2017: RMB2,127,000) represents contributions payable to these plans by the Group at rates specified in the rules of the plans.

#### 33. 退休福利計劃供款

##### (a) 中國大陸地區

根據中國有關勞動法規，中國附屬公司參與由中國有關當地政府機構組織之定額供款退休福利計劃(「該計劃」)。有關附屬公司須按照工資之一定百分比向該計劃供款。當地政府機構會負責支付退休僱員的全部退休金。

##### (b) 香港地區

根據強制性公積金計劃(「強積金計劃」)的相關條例及規定，本集團亦為所有符合條件的香港僱員設立強積金計劃。強積金計劃之資產與本集團其他資產分開，由受託人控制之基金持有。本集團按相關工資之5%向計劃供款。每名員工的供款上限為港元1,500。

本集團除了上述供款計劃，並無其他義務為員工支付退休及其他退休後福利。

損益表中之總開支約人民幣2,645,000(二零一七年度：人民幣2,127,000)，即本集團就該等計劃制定的一定百分比應付之供款。

## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

#### 34. Related Party Transactions

##### (a) Related party balances

The following balances were outstanding at the end of the reporting period:

#### 34. 關連方交易

##### (a) 關聯方餘額

於呈報期末尚未償付之結餘如下：

|   |                               | Amounts due from/(to)<br>related parties |                |
|---|-------------------------------|--|----------------|
|   |                               | 應收/(付)關聯方款項                              |                |
|   |                               | 2018                                     | 2017           |
|   |                               | 二零一八年                                    | 二零一七年          |
|   |                               | RMB'000                                  | RMB'000        |
|   |                               | 人民幣千元                                    | 人民幣千元          |
| <b>Non-trade related</b>  | <b>非貿易相關</b>                  |  |                |
| Guangzhou Xiaoxiao Supply Chain Management Co. Ltd ("Guangzhou Xiaoxiao") (note i)          | 廣州小小供應鏈管理有限公司(「廣州小小」)(附註i)    | 8  | —              |
| Guangzhou Bawang International Hotel Co., Ltd. ("Guangzhou Bawang International") (note ii) | 廣州霸王國際大酒店有限公司(「廣州霸王酒店」)(附註ii) | 86                                       | 87             |
| Guangzhou Bawang Cosmetics Co., Ltd. ("Guangzhou Bawang") (note iii)                        | 廣州霸王化妝品有限公司(「廣州霸王」)(附註iii)    | 4,612                                    | 6,860          |
|   |                               | <b>4,706</b>                             | <b>6,947</b>   |
| <b>Trade related</b>  | <b>貿易相關</b>                   |  |                |
| Guangzhou Chenming Paper Products Company Limited ("Guangzhou Chenming") (note iv)          | 廣州市晨明紙品有限公司(「廣州晨明」)(附註iv)     | (2,274)                                  | (1,264)        |
| Guangzhou Qiancai Packaging Materials Co., Ltd. ("Guangzhou Qiancai") (note iv)             | 廣州市倩采包裝材料有限公司(「廣州倩采」)(附註iv)   | (214)                                    | (81)           |
| Guangzhou Xiaoxiao (note i)   | 廣州小小(附註i)                     | —  | (1)            |
|   |                               | <b>(2,488)</b>                           | <b>(1,346)</b> |

Notes:

- (i) Guangzhou Xiaoxiao was under the control of the Controlling Shareholders of the Company. The balance was unsecured, interest-free and repayable on demand.
- (ii) Guangzhou Bawang International was effectively 100% owned by the Controlling Shareholders of the Company. The balance was unsecured, interest-free and repayable on demand.
- (iii) Guangzhou Bawang was effectively 100% owned by the Controlling Shareholders of the Company. As at 31 December 2018 and 2017, the balance due from Guangzhou Bawang mainly represented prepayment of rental expenses. The balance was unsecured, interest-free and repayable on demand.

附註：

- (i) 廣州小小供應鏈管理有限公司由本集團控股股東控制。有關結餘無抵押、免息並按要求償還。
- (ii) 廣州霸王酒店由本集團控股股東100%有效擁有。有關結餘無抵押、免息並按要求償還。
- (iii) 廣州霸王由本公司控股股東100%有效擁有。於二零一八年和二零一七年十二月三十一日，廣州霸王的期末結餘主要為預付租金。有關結餘無抵押、免息並按要求償還。

## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

#### 34. Related Party Transactions (Continued)

##### (a) Related party balances (Continued)

Notes: (Continued)

- (iv) Guangzhou Chenming and Guangzhou Qiancai were under the control of the close family members of the Controlling Shareholders of the Company. The credit term granted by Guangzhou Chenming and Guangzhou Qiancai is 30 days and based on the invoice date. As at 31 December 2018 and 2017, the amounts due to Guangzhou Chenming and Guangzhou Qiancai were unsecured, interest-free and repayable within 30 days, based on the invoice date.

##### (b) Related party transactions

Save as disclosed elsewhere in the consolidated financial statements, the Group had the following material transactions with its related parties:

#### 34. 關連方交易(續)

##### (a) 關聯方餘額(續)

附註：(續)

- (iv) 廣州晨明和廣州倩采是由與本公司控股股東關係密切的家庭成員控制的。由廣州晨明和廣州倩采給予的信貸期為30日和以發票日期為準。於二零一七年及二零一八年十二月三十一日，應付廣州晨明和廣州倩采款項。有關結餘無抵押及免息並按發票日30天內或按要求償還。

##### (b) 關連方交易

除綜合財務報表其他部分所披露者外，本集團與其關連人士進行以下重大交易：

| Nature of transaction<br>交易性質            |  | 2018                      | 2017                      |
|--|--|---------------------------|---------------------------|
|  |  | 二零一八年<br>RMB'000<br>人民幣千元 | 二零一七年<br>RMB'000<br>人民幣千元 |
| Guangzhou Bawang International<br>廣州霸王酒店 | Meeting and catering service expenses (notes i and v)<br>會議及餐飲服務費(附註i和v)   | 575                       | 966                       |
| Guangzhou Chenming<br>廣州晨明               | Purchase of materials (notes i and iv)<br>原材料採購款(附註i和iv)   | 4,195                     | 9,875                     |
| Guangzhou Qiancai<br>廣州倩采                | Purchase of materials (notes i and v)<br>原材料採購款(附註i和v)   | 478                       | 234                       |
| Guangzhou Bawang<br>廣州霸王                 | Rental and management fee of production plant and office premises (notes i, iii and iv)<br>生產廠房和辦公場所的租金和管理費(附註i, iii和iv) | 8,638                     | 10,437                    |
|  | Utility expenses paid and received on behalf (notes i, ii and v)<br>代為支付的水電費費用和收到的水電費收入(附註i, ii和v)                       | —                         | 1,003                     |

## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

#### 34. Related Party Transactions (Continued)

##### (b) Related party transactions (Continued)

Notes:

- (i) The Directors are of the opinion that the above transactions were conducted on normal commercial terms in the ordinary course of business and the basis of consideration for the transactions is the prevailing market price.
- (ii) The utility income was charged to Guangzhou Bawang in relation to the utility expenses paid on behalf of Guangzhou Bawang.
- (iii) On 9 August 2013, Bawang Guangzhou and Guangzhou Bawang entered into two lease agreements, pursuant to which Bawang Guangzhou leased from Guangzhou Bawang the production plant and office premises at fixed monthly rental and management fee of RMB1,120,000 and RMB92,800, respectively. The terms of the lease under the agreements were 3 years from 9 August 2013. The lease agreement was renewed on 9 August 2016 and the new terms of the lease were 3 years from 9 August 2016. The renewed monthly rental fee for production premises and office premises were approximately RMB490,000 and RMB45,000 respectively. The renewed monthly management fee for production premises and office premises were approximately RMB310,000 and RMB39,000 respectively. The renewed contract was terminated and a new contract was signed on 1 December 2017 and the new terms of the lease were 3 years from 1 December 2017. The new monthly rental and management fee for the production premises, office premises and a staff dormitory are approximately RMB719,900. Details of which were set out in the Company's announcement dated 1 December 2017.
- (iv) The related party transactions constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in the "Report of the Directors" section to the annual report.
- (v) The related party transactions constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules, however, they are exempt from the disclosure requirements in Chapter 14A of the Listing Rules.

#### 34. 關連方交易(續)

##### (b) 關連方交易(續)

附註:

- (i) 董事認為，上述交易乃按一般商業條款於日常業務過程中進行，交易代價基準為現行市價。
- (ii) 水電費收入由廣州霸王代收，因此水電費費用也由廣州霸王代付。
- (iii) 於二零一三年八月九日，霸王廣州與廣州霸王訂立兩份租賃協議。據此，霸王廣州向廣州霸王租賃生產廠房和辦公場地，每月固定租金及管理費用分別為人民幣1,120,000和人民幣92,800，租賃協議更新於二零一六年八月九日租期自二零一三年八月九日起有效期三年。新的租賃期限為自二零一六年八月九日起3年。生產場所和辦公樓的月租費分別約為人民幣490,000元和45,000元。生產場所和辦公樓每月管理費新增約310,000元和人民幣39,000元。重續合約已終止，並於二零一七年十二月一日簽訂新合約，而新租約條款則由二零一七年十二月一日起有效期三年。生產廠房，辦公室物業及職員宿舍的新的月租及管理費約為人民幣719,900元。詳情載於公司二零一七年十二月一日發佈的公告。
- (iv) 關聯方交易構成上市規則第14A章所界定的關連交易或持續關連交易。上市規則第14A章要求知披露會在年度報告「董事會報告」一章中呈列。
- (v) 關聯方交易符合上市規則第14A章所界定的關連交易或持續關連交易，彼等獲豁免遵守上市規則第14A章所需之披露。

## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

#### 34. Related Party Transactions (Continued)

(c) The Controlling Shareholders and Guangzhou Bawang undertook to provide a loan facility to the Group in an amount up to RMB140,000,000 for a period from 15 March 2013 to 31 December 2015 and were further extended to 22 January 2018. The long-term loans were unsecured, interest-free and repayable by 31 December 2017 or earlier as determined by the Group. In 2016, the Group had drawn down HK\$35,000,000 (equivalent to approximately RMB29,323,000) under the facility. On 3 June 2016, all the loans from the Controlling Shareholders were fully repaid. As at 31 December 2017, there was no loan from Controlling Shareholders (2018: nil). As at 31 December 2017, the available facilities are approximately RMB140,000,000 (2018: nil) which expired on 22 January 2018.

#### (d) Compensation of key management personnel

The remuneration of key management personnel of the Group during the year was as follows:

|                          |       | 2018<br>二零一八年<br>RMB'000<br>人民幣千元 | 2017<br>二零一七年<br>RMB'000<br>人民幣千元 |
|--------------------------|-------|-----------------------------------|-----------------------------------|
| Short-term benefits      | 短期福利  | 2,427                             | 1,967                             |
| Post-employment benefits | 離職後福利 | 180                               | 203                               |
|                          |       | 2,607                             | 2,170                             |

The remuneration of key management personnel of the Group was determined by the board of Directors, in consultation with the remuneration committee, having regard to the performance of individuals and market trends.

#### 34. 關連方交易(續)

(c) 控股股東及廣州霸王承諾向本集團提供一筆長期貸款融資，金額高達人民幣140,000,000，有效期自二零一三年三月十五日至二零一五年十二月三十一日，進一步延長至二零一八年一月二十二日。此長期借款為無抵押、免息及由本集團決定於二零一七年十二月三十一日或之前償還。截至二零一六年十二月三十一日止年度內，本集團獲得一筆金額為港元35,000,000(相當於人民幣29,323,000)的借款。在二零一六年六月三日，所有控股股東的借款已償還。截至二零一七年十二月三十一日，控股股東借款賬面價值為人民幣零元(二零一八年度：無)。截至二零一七年十二月三十一日，可供使用融資額度約為人民幣140,000,000(二零一八年度：無)，將於二零一八年一月二十二日失效。

#### (d) 主要管理人員報酬

本集團於年內主要管理人員的酬金載列如下：

本集團主要管理人員之報酬由董事諮詢薪酬委員會就彼等個人表現及市場趨勢釐定的。

## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

#### 35. Reconciliation of Liabilities Arising from Financing Activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the consolidated statement of cash flows as cash flows from financing activities.

#### 35. 融資活動產生的負債調節

下表詳述本集團來自融資活動的負債變動，包括現金及非現金變動。融資活動產生的負債是現金流量或未來現金流量將在綜合現金流量表中分類為融資活動現金流量的負債。

|                             |                | 1 January 2018<br>二零一八年<br>一月一日<br>RMB'000<br>人民幣千元 | Financing<br>cash flows<br>融資<br>現金流量<br>RMB'000<br>人民幣千元 | Accrued<br>interest<br>應計利息<br>RMB'000<br>人民幣千元 | 31 December 2018<br>二零一八年<br>十二月三十一日<br>RMB'000<br>人民幣千元 |
|-----------------------------|----------------|---|---|---|--|
| <b>Liabilities</b>          | <b>負債</b>      |   |   |   |  |
| Bank borrowing<br>(note 26) | 銀行借款<br>(附註26) | —   | 12,174  | 376   | 12,550   |
|                             |                |   |   |   |  |
|                             |                | 1 January 2017<br>二零一七年<br>一月一日<br>RMB'000<br>人民幣千元 | Financing<br>cash flows<br>融資<br>現金流量<br>RMB'000<br>人民幣千元 | Accrued<br>interest<br>應計利息<br>RMB'000<br>人民幣千元 | 31 December 2017<br>二零一七年<br>十二月三十一日<br>RMB'000<br>人民幣千元 |
| <b>Liabilities</b>          | <b>負債</b>      |   |   |   |  |
| Bank borrowing<br>(note 26) | 銀行借款<br>(附註26) | 5,610   | (6,105)   | 495   | —  |

## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

#### 36. Litigations

- (a) 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 was recorded by the Group as at 31 December 2013 based on the opinion provided by the PRC legal counsel acting on behalf of Bawang Beverage.

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

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

#### 36. 法律訴訟

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

上海第一中級人民法院於二零一四年六月二十日作出最終裁決，霸王飲料須向前分銷商支付約人民幣643,000元的賠償金和約人民幣19,000元的訴訟費。此外，訴訟計提合計約人民幣662,000元已被確認於綜合損益及其他全面收益表中為其他費用，約人民幣324,000元已在截至二零一四年十二月三十一日止年度內償還。截至二零一八年和二零一七年十二月三十一日止年度，約人民幣338,000元的剩餘計提尚未結算。

- (b) 於以往年度，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。於以往年度確認了人民幣500,000元的計提準備計入綜合損益及其他全面收益表的行政費用中。



## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

#### 36. Litigations (Continued)

(b) (Continued)

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

On 8 March 2017, the appeal by the Group was rejected by the court. During the year ended 31 December 2017, the Group settled a sum of approximately RMB928,000.

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

In 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 profit or loss in 2016. The whole amount was settled in 2017 and no additional provision was made as at 31 December 2017.

#### 36. 法律訴訟(續)

(b) (續)

於二零一六年，地區法院對14名僱員中的12名作出了判決，本集團應付前任僱員約人民幣652,000元。本集團向中級法院對12名僱員中的9人判決提出上訴，另有3名僱員向中級法院的判決提出上訴。至於其他兩名僱員，法院對其中一人作出了判決，本集團應付前任僱員約人民幣208,000元，本集團上訴被法院駁回。對於另一人，法院判定本集團應付前任僱員約人民幣45,000元，本集團對該判決提出上訴。因此，在截至二零一六年十二月三十一日止年度的合併利潤表中，根據霸王廣州的中國代表律師的法律意見追加撥付人民幣453,000元確認為管理費用。

二零一七年三月八日，該集團的上訴被法院駁回。截至二零一七年十二月三十一日止年度，本集團已支付約人民幣928,000元。

(c) 於以往年度，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。目前尚未收到上訴通知。因此，確認約人民幣149,000元計提準備計入綜合損益及其他全面收益表中的管理費用。

於二零一六年，中級法院作出判決，本集團應付前任僱員約人民幣167,000元的遣散費和薪金，並且集團應於年內結清金額。因此，截至二零一六年十二月三十一日止年度的綜合損益及其他全面收益表中，追加撥付約人民幣18,000元確認為管理費用。全部款項已於二零一七年結算，而於二零一七年十二月三十一日並無額外撥備。

## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

#### 36. Litigations (Continued)

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

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

The Group settled approximately RMB1,750,000 in 2016 and the remaining provision of approximately RMB1,034,000 was settled for the year ended 31 December 2017.

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

#### 36. 法律訴訟(續)

- (d) 於以往年度，一個供應商分別在地區法院和廣州市仲裁委員會向霸王廣州提起總共三項訴訟，要求支付金額分別為約人民幣1,810,000元和約人民幣859,000元。根據霸王廣州的中國代表律師的法律意見，確認了約人民幣2,669,000元計提準備計入綜合損益及其他全面收益表中的行政費用。

於二零一六年，地區法院和廣州市仲裁委員會作出判決，本集團應付約人民幣1,810,000元和約人民幣928,000元以及相應的法律費用和仲裁費約人民幣23,000元和人民幣23,000元。因此，本集團與供應商達成協議，本集團將於二零一六年八月至二零一七年三月期間分八期付款，每期付款金額為人民幣35萬元，餘額將於最後一期結清。附加條款的人民幣115,000元已於二零一六年的綜合損益及其他全面收益表中確認為管理費用。

截至二零一六年十二月三十一日止年度，本集團已結清約人民幣1,750,000元，其餘約人民幣1,034,000元截至二零一七年十二月三十一日尚未結清。

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

## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

### 37. Principal Subsidiaries

Details of the Company's principal subsidiaries at 31 December 2018 and 2017 are as follows:

### 37. 主要附屬公司

於二零一八年及二零一七年十二月三十一日，本公司主要附屬公司詳情如下：

| Name<br>名稱   | Place of incorporation/<br>establishment and<br>operation<br>成立及經營地點 | Issued and paid-up/<br>registered<br>capital<br>已發行及<br>繳足資本 | Proportion ownership interest and<br>voting power held by the Company<br>本公司持有的權益及<br>擁有的投票權比例 |                     |                   |                     | Principal activities<br>主要業務   |
|--|--|--|--|---------------------|-------------------|---------------------|--|
|  |  |  | 2018<br>二零一八年  |                     | 2017<br>二零一七年     |                     |  |
|  |  |  | Direct<br>直接<br>%  | Indirect<br>間接<br>% | Direct<br>直接<br>% | Indirect<br>間接<br>% |  |
| Forever Giants Limited<br>Forever Giants Limited                                 | BVI<br>英屬處女群島  | USD1<br>美元1  | 100  | —                   | 100               | —                   | Inactive<br>年內無業務  |
| Bawang International Group<br>Holding (HK) Limited<br>霸王國際集團控股(香港)<br>有限公司       | Hong Kong<br>香港  | HK\$1<br>港元1   | —  | 100                 | —                 | 100                 | Investment holding, advertising agency<br>and trading of household and<br>personal care products<br>投資控股、廣告代理及營銷及<br>推廣家用及個人護理產品 |
| Hong Kong Bawang<br>International Trading<br>Limited<br>香港霸王國際貿易公司               | Hong Kong<br>香港  | HK\$1<br>港元1   | —  | 100                 | —                 | 100                 | Advertising agency and trading of<br>household and personal care<br>products<br>廣告代理及營銷及推廣家用及<br>個人護理產品                          |
| Bawang Guangzhou<br>(note a)<br>霸王廣州(附註(a))                                      | The PRC<br>中國  | USD67,500,000<br>美元67,500,000                                | —  | 100                 | —                 | 100                 | Manufacturing and trading of<br>household and personal care<br>products<br>製造及營銷及推廣家用及<br>個人護理產品                                 |
| Bawang Beverage<br>(note a)<br>霸王飲料(附註(a))                                       | The PRC<br>中國  | HK\$180,000,000<br>港元180,000,000                             | —  | 100                 | —                 | 100                 | Inactive<br>年內無業務  |
| Guangzhou Fanmei<br>Electronic Business<br>Company Limited*<br>廣州梵魅電子商務有限<br>公司* | The PRC<br>中國  | RMB1,000,000<br>人民幣1,000,000                                 | —  | 100                 | —                 | 100                 | e-Commerce and trading of household<br>and personal care products<br>電子商務及營銷及推廣家用及個人<br>護理產品                                     |
| Guangzhou Bawang Trading<br>Company Limited*<br>廣州霸王貿易有限公司*                      | The PRC<br>中國  | RMB1,000,000<br>人民幣1,000,000                                 | —  | 100                 | —                 | 100                 | Trading of household and personal<br>care products<br>營銷及推廣家用及個人護理產品   |

## Notes to the Consolidated Financial Statements (Continued)

### 綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

#### 37. Principal Subsidiaries (Continued)

Note:

(a) These entities are wholly foreign owned and limited liability companies established in the PRC.

\* For identification purposes only

The above table lists the subsidiaries of the Group which, in the opinion of the Directors, principally affected the results or assets and liabilities of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities at the end of both years or at any time during the years.

At the end of the reporting period, the Company has other wholly-owned subsidiaries that are not material to the Group. The principal activities of these subsidiaries are summarised as follows:

#### 37. 主要附屬公司(續)

附註：

(a) 此等實體為於中國成立的外商全資擁有的有限責任公司。

\* 僅供識別

上表僅列出本公司董事認為主要影響本集團業績或資產和負債之附屬公司。本公司董事認為提供其他附屬公司之詳情將令資料過於冗長而不在此列示。

於當年及上一年度期內，概無任何附屬公司發行任何債權債務。

於呈報期末，公司擁有其他就集團而言非重大的全資附屬公司。該等附屬公司之主要業務概述如下：

| Principal activities<br>主要業務 | Principal place of business<br>主要業務地點 | Number of subsidiaries<br>附屬公司數目 |               |
|------------------------------|---------------------------------------|----------------------------------|---------------|
|                              |                                       | 2018<br>二零一八年                    | 2017<br>二零一七年 |
| Investment holding<br>投資控股   | The BVI<br>英屬處女群島                     | 2                                | 2             |
| Investment holding<br>投資控股   | Hong Kong<br>香港                       | 1                                | 1             |

# Five Years Summary

## 五年財務概要

As at 31 December 2018 於二零一八年十二月三十一日

|  |                     | 2018<br>二零一八年<br>RMB'000<br>人民幣千元 | 2017<br>二零一七年<br>RMB'000<br>人民幣千元 | 2016<br>二零一六年<br>RMB'000<br>人民幣千元 | 2015<br>二零一五年<br>RMB'000<br>人民幣千元<br>(Restated)<br>(經重列) | 2014<br>二零一四年<br>RMB'000<br>人民幣千元 |
|--|---------------------|-----------------------------------|-----------------------------------|-----------------------------------|--|-----------------------------------|
| <b>Results</b>   | <b>業績</b>           |                                   |                                   |                                   |  |                                   |
| Revenue  | 營業額                 | 293,922                           | 264,215                           | 264,229                           | 232,181  | 294,649                           |
| (Loss)/profit before taxation  | 稅前(虧損)/利潤           | (1,196)                           | 19,231                            | 41,094                            | (110,422)  | (115,541)                         |
| Taxation   | 稅項                  | —                                 | (4)                               | 2,610                             | (3)  | (916)                             |
| (Loss)/profit for the year attributable to the owners of the Company | 本公司擁有人應佔之年內(虧損)/利潤  | (1,196)                           | 19,227                            | 43,704                            | (110,425)  | (116,457)                         |
| <b>Assets and liabilities</b>  | <b>資產及負債</b>        |                                   |                                   |                                   |  |                                   |
| Property, plant and equipment  | 物業、廠房及設備            | 115,021                           | 132,403                           | 137,237                           | 155,284  | 225,340                           |
| Prepaid advertising fee  | 預付廣告費用              | 649                               | 392                               | 212                               | 44   | 667                               |
| Biological assets  | 生物資產                | —                                 | —                                 | 457                               | 426  | 175                               |
| Net current assets/(liabilities)                                     | 流動資產/(負債)淨值         | 50,661                            | 37,843                            | 13,305                            | (56,852)   | (26,364)                          |
| Total assets less current liabilities                                | 資產總值減流動負債           | 165,682                           | 170,246                           | 150,542                           | 98,432   | 199,151                           |
| Loan from controlling shareholders                                   | 控股股東借款              | —                                 | —                                 | —                                 | 54,946   | 44,069                            |
| Deferred tax liabilities   | 遞延稅項負債              | —                                 | —                                 | —                                 | 2,031  | 2,031                             |
| <b>Net assets</b>  | <b>資產淨值</b>         | <b>165,682</b>                    | <b>170,246</b>                    | <b>150,542</b>                    | <b>41,455</b>  | <b>153,051</b>                    |
| <b>Capital and reserves</b>  | <b>資本及儲備</b>        |                                   |                                   |                                   |  |                                   |
| Share capital  | 股本                  | 277,878                           | 277,878                           | 277,878                           | 256,705  | 256,639                           |
| Reserves   | 儲備                  | (112,196)                         | (107,632)                         | (127,336)                         | (215,250)  | (103,588)                         |
| <b>Total equity</b>  | <b>權益總額</b>         | <b>165,682</b>                    | <b>170,246</b>                    | <b>150,542</b>                    | <b>41,455</b>  | <b>153,051</b>                    |
| (Loss)/earning per share Basic and diluted (RMB)                     | 每股盈利/(虧損)基本及攤薄(人民幣) | (0.0003)                          | 0.006                             | 0.01                              | (0.038)  | (0.04)                            |

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