



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 2019

2019 年年報

* for identification purposes only
僅供識別



CONTENTS

目錄

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



Financial Highlights

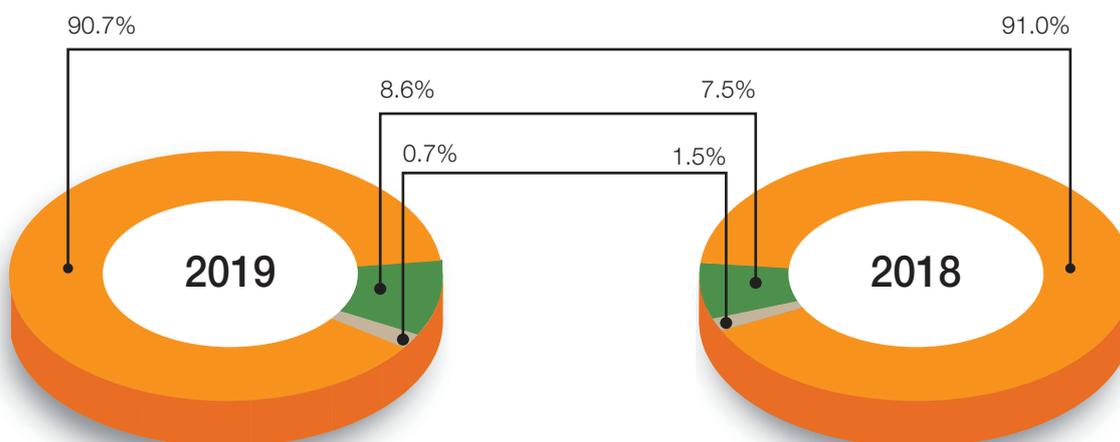
財務摘要



RMB'000 人民幣千元		2019 二零一九年	2018 二零一八年
Revenue	營業額	258,158	293,922
Cost of sales	銷售成本	(143,137)	(156,425)
Gross profit	毛利	115,021	137,497
Selling & distribution costs	銷售及分銷成本	(104,724)	(113,360)
Administrative expenses	行政開支	(30,570)	(25,838)
Loss from operations	經營虧損	(12,897)	(820)
Income tax credit	所得稅回撥	9,064	—
Loss for the year attributable to owners of the Company	本公司擁有人應佔之年內虧損	(15,164)	(1,196)
Gross margin	毛利率	44.6%	46.8%
Net loss ratio	淨虧損率	(5.9%)	(0.4%)
Loss per share (RMB cents)	每股虧損(人民幣仙)		
Basic	基本	(0.1929)	(0.0378)
Diluted	攤薄	(0.1929)	(0.0378)

Revenue by Product Category

收入按產品類別分析



(RMB'000) (人民幣千元)	2019 二零一九年	2018 二零一八年
Shampoo & hair-care products 洗髮護髮產品	234,142	267,398
Other household & personal care products 其他家用及個人護理產品	22,218	22,169
Skincare products 護膚產品	1,798	4,355
Total 合計	258,158	293,922

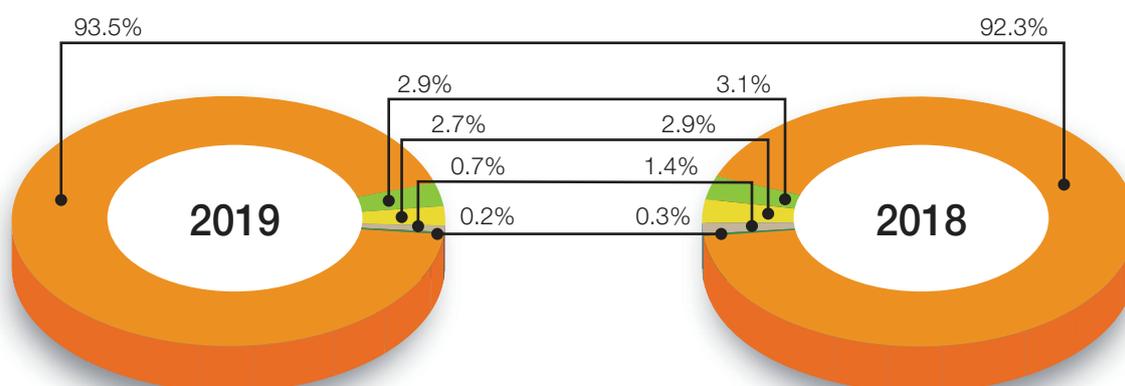
Financial Highlights (Continued)

財務摘要(續)



Revenue by Brand Category

收入按品牌類別分析



RMB'000 人民幣千元	2019 二零一九年	2018 二零一八年
 Bawang 霸王	241,488	271,200
 Litao 麗濤	7,529	8,983
 Royal Wind 追風	6,986	8,529
 Herborn 本草堂	1,844	4,202
 Little King 小霸王	311	1,008
Total 合計	258,158	293,922

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.), MCI Arb
 CHEUNG Kin Wing FCA, CPA
 Dr. WANG Qi

Audit and Risk Management Committee

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

Remuneration Committee

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

Nomination Committee

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

Company Secretary

WONG Sin Yung CPA

董事

執行董事

陳啟源(主席)
 陳正鶴(首席執行官)
 黃善榕 CPA

獨立非執行董事

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

審核及風險管理委員會

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

薪酬委員會

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

公司秘書

黃善榕 CPA

Corporate Information (Continued)**公司資料(續)****Authorised representatives**

CHEN Zheng He
WONG Sin Yung *CPA*

授權代表

陳正鶴
黃善榕 *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

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

Auditors

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

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

Legal advisor on Hong Kong law

Fangda Partners
26th Floor, One Exchange Square
8 Connaught Place
Central, Hong Kong

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

Company's website

www.bawang.com.cn

公司網址

www.bawang.com.cn

Stock code

01338

股票代碼

01338

Principal bankers

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

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

Bank of China Limited
1073 Jichang Road
Guangzhou
510180
PRC

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 (“**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 2019.

The Board hereby reports that the total revenue of the Group for the year ended 31 December 2019 was approximately RMB258.2 million, representing a decrease of approximately 12.1% from approximately RMB293.9 million for 2018. The operating loss of the Group for the year ended 31 December 2019 was approximately RMB12.9 million as compared with an operating loss of approximately RMB0.8 million for 2018.

For the year ended 31 December 2019, the net loss of the Group was approximately RMB6.1 million, as compared with a net loss of approximately RMB1.2 million for 2018.

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：

本人謹代表霸王國際(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」)截至二零一九年十二月三十一日止年度的經審核年度業績。

董事會僅此報告本集團截至二零一九年十二月三十一日止年度的總營業額約為人民幣258.2百萬元，較二零一八年同期約人民幣293.9百萬元下降了約12.1%。本集團截至二零一九年十二月三十一日止年度錄得經營虧損約人民幣12.9百萬元，而二零一八年同期經營虧損約人民幣0.8百萬元。

本集團截至二零一九年十二月三十一日止年度錄得淨虧損約為人民幣6.1百萬元，而二零一八年同期錄得淨虧損約人民幣1.2百萬元。

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.

Because of the extensive business shutdowns to contain the spread of the coronavirus all over the world since early March this year, the International Monetary Fund (“IMF”) expects that the global economy will shrink by 3.0% in 2020, which is expected to be the worst recession since the Great Depression in the 1930s.

Owing to the uncertainties caused by the trade war with the United States and the coronavirus pandemic, China is facing downside risks in its economic growth in 2020. However, the IMF has indicated that China's economy is forecasted to have a strong growth of 9.2% when the social and economic life resumes to normalcy in 2021.

For further information on the outlook of the Group, please refer to the “Outlook” section of this report.

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, 31 March 2020

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的銷售成本和營運成本維持在可持續水平。

由於自今年三月初以來，為了控制冠狀病毒在全球範圍內的傳播，大量企業關閉，國際貨幣基金組織（「國際貨幣基金組織」）預測，到二零二零年，全球經濟將萎縮3.0%，這將是自上世紀三十年代大蕭條以來最嚴重的經濟衰退。

由於中美貿易戰和冠狀病毒大流行帶來的不確定性，二零二零年中國經濟增加面臨下行風險。然而，國際貨幣基金組織預測，當二零二一年中國社會和經濟生活恢復正常後，中國經濟將強勁增長9.2%。

有關本集團展望的進一步資料，請參閱本報告的「展望」部分。

展望未來，在不穩定的經營環境中，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，二零二零年三月三十一日



Management Discussion and Analysis 管理層討論及分析

Business Review

During the year under review, to enhance the sales of Bawang branded products, we successfully upgraded the packaging of two Bawang branded hair-care product series for the conventional sales channels, and new packagings were designed with trendy and professional image together with the introduction of a couple of social media celebrity versions of Bawang hair-care products that were created for sales through the conventional channels.

In April 2019, the Group selected a popular Chinese style singer, Mr. Huo Zun (霍尊), as our short-term image and brand ambassador for Bawang branded shampoo and hair-care products. We made full use of the image of the new brand ambassador to attract consumers' attention via social media platforms such as Weibo and WeChat, publicity advertisements posted in city metros and at the points of sales with the slogan "Exclusive enjoyment of the strength of national products, choose Bawang anti-hair fall products", which aimed to promote Bawang's anti-hair fall shampoos to catch the attention of consumers. We rolled out bundled products that were named after Huo Zun for the purpose of enhancing the Bawang brand image as national and trendy products for young consumers.

業務回顧

於回顧年度內，為了促進霸王品牌產品的銷售，我們成功更新了傳統渠道霸王品牌兩個護髮產品系列的包裝。新的包裝更顯時尚和專業，成功打造一些網紅產品霸王育髮液，並於傳統渠道銷售。

於二零一九年四月，本集團聘請了當紅國風代表歌手霍尊為霸王洗護產品的短期品牌形象代言人。我們充分利用新的品牌代言人形象，通過微博、微信等社交媒體平台，在城市地鐵、賣場內投放廣告，利用宣傳主題「尊享國貨強，防脫用霸王」來吸引顧客的注意力，集團順勢推出以霍尊命名的套裝產品，加強霸王年輕化的形象，深化品牌在年輕顧客中的國貨國潮印象。



Management Discussion and Analysis (Continued)

管理層討論及分析(續)



During the year under review, the Group cooperated with an e-commerce platform, Pinduoduo, and rolled out a dedicated herbal essence ginger shampoo for promotion of the Bawang brand name on this platform. Through this cross-industry cooperation, we successfully rolled out dedicated bundled product series during the festive times and seasons, which drew the attention of the consumers and were well-received by them. In the second half of the year, we rolled out amino acid shampoo product series to capture the market share in the traditional channel.

During the year under review, the Group gave away some free Bawang shampoo product testers through dispensing machines in public areas. Advertisements of Bawang branded products were showcased in lifts of buildings in Guangzhou, Shenzhen and other first-tier cities as well as the cross-border coaches among Guangdong, Hong Kong, and Macau.

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

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

於回顧年度內，我們與拼多多電商平台合作，並為其專業定制中草藥生薑洗髮水系列產品，以供於該平台上推廣霸王品牌。通過跨界合作，我們在節慶和季節期間成功推出了特色套裝產品系列，受到消費者的關注和喜愛。於下半年，我們推出氨基酸洗髮水系列新品，搶佔流通銷售渠道市場份額。

於回顧年度內，本集團通過在線下機器在公共場所派發一些免費的霸王小樣品；並通過在廣州，深圳等一線城市大廈電梯和粵港澳跨境巴士進行廣告投放，來宣傳我們的霸王品牌系列產品。

此外，我們成功開發大學生市場。利用「大學生廣告藝術節」，與部分大學聯合，我們讓霸王品牌產品走進了校園，讓更多的年輕人了解通過草本洗髮水產品護髮的概念。

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

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.

As at 31 December 2019, the Bawang brand distribution network comprised approximately 810 distributors and six KA retailers, covering 26 provinces and four municipalities in China. Furthermore, the Bawang branded products were also sold in Hong Kong, Thailand and Malaysia.

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 2019, the Royal Wind brand distribution network comprised approximately 125 distributors and six KA retailers, covering 26 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 2019, the Litao products distribution network comprised approximately 44 distributors, covering 26 provinces and four municipalities in China.

The Herborn Chinese herbal skin-care 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.

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僱員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僱員，前往了五個挑選出來的目的地旅遊。

截至二零一九年十二月三十一日，霸王品牌分銷網絡包括大概810個分銷商及六個重點零售商，覆蓋中國26個省份及四個直轄市。此外，該等產品亦已在香港、泰國及馬來西亞銷售。

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。截至二零一九年十二月三十一日，追風品牌分銷網絡包括大概125個分銷商及六個重點零售商，覆蓋中國26個省份及四個直轄市。

麗濤產品主要由沐浴露和洗衣液組成，以中國二三線城市的消費者為目標客戶群體。本集團的目標是保持產品在流通渠道的市場覆蓋。截至二零一九年十二月三十一日，麗濤品牌分銷網絡包括大概44個分銷商，覆蓋中國26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僱員購買及團購的方式銷售該產品。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)



The Group has established 18 online retailing platforms for our Bawang, Royal Wind and Herborn branded products. Of which, two were established during the year.

本集團已在國內18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。

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，我們獲得和/或延續和/或持有以下的證書和/或認證：



- 10 Bawang branded Chinese herbal shampoos and hair-care series products have been recognised as “The 2019 New High-Tech Products in Guangdong Province (廣東省高新技術產品)” by the Guangdong Provincial New Hi-tech Enterprise Association (廣東省高新技術企業協會) in December 2019 for a period of three years until the end of 2022;
- the permit for production of cosmetic products, which was issued by Guangdong Provincial Food and Drug Administration, remains valid until May 2021;
- our production process for hair-care and skin-care products has been certified by SGS with a validity period until July 2022 as to meet the requirements of US FDA CFSSAN by reference to Cosmetic Good Manufacturing Practices (GMP) Guidelines 2008;
- 於二零一九年十二月，霸王品牌十種中草藥洗護髮系列產品被廣東省高新技術企業協會認定為「2019年廣東省高新技術產品」，有效期為三年即截至二零二二年底；
- 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，有效期截至二零二二年七月；



Management Discussion and Analysis (Continued)

管理層討論及分析(續)

- our production process for hair-care and skin-care products has been certified by SGS with a validity period until July 2022 as to meet the requirements of ISO22716 by reference to Cosmetic Good Manufacturing Practices (GMP) Guidelines 2007;
- we were awarded the “T-Mall Golden Award 2019 (天貓金妝獎)” certificate by TMALL (天貓) recognising our outstanding logistics services in March 2019;
- Bawang (Guangzhou) Co., Ltd was awarded “Excellent Cooperation Company” (優秀合作單位) and “Charity Award” (愛心公益獎) by Guangzhou Dade Public Welfare (廣州大德公益) in July 2019;
- our Bawang and Royal Wind brands were awarded “Guangdong Daily Chemical — China Power (廣東日化—中國力量)” for the most influential brand award by the Guangdong Daily Chemical Chamber of Commerce (廣東省日化商會) in September 2019;
- we were awarded the 4th China brand i berry award (中國品牌i莓獎) of the “Most Favourable Consumer Brands of the Year” (年度最受消費者喜愛日化品牌) by Blueberry Society (藍莓會) in November 2019;
- we were awarded the “8th Social Marketing Forum and Golden Bee Integrated Marketing Golden Award” (第八屆社會化營銷論壇暨金蜜蜂整合營銷類金獎) by the Advertiser Forum (廣告主論壇) in November 2019;
- we were awarded the “Most Favorable Consumers Brand of 2019” (最受消費者青睞品牌獎) in the China trendy industry by Xinxi News (信息時報) in December 2019; and
- 我們護髮護膚產品的生產流程通過了SGS機構評估，獲得國際化標準組織化妝品生產操作指南ISO22716：2007有關化妝品良好生產規範(GMP)認證，有效期截至二零二二年七月；
- 於二零一九年三月，我們獲得由天貓平台頒發的2019年度物流服務傑出品牌天貓金妝獎；
- 於二零一九年七月，霸王(廣州)有限公司被廣州市大德公益授予「優秀合作單位」愛心公益獎；
- 於二零一九年九月，本集團旗下霸王和追風兩個品牌均獲得廣東省日化商會頒發的「廣東日化—中國力量」最具影響力品牌獎；
- 於二零一九年十一月，我們獲得由藍莓會頒發的第四屆中國品牌i莓獎「年度最受消費者喜愛日化品牌」；
- 於二零一九年十一月，我們獲得由廣告主論壇頒發的「第八屆社會化營銷論壇暨金蜜蜂整合營銷類金獎」；
- 於二零一九年十二月，我們獲得由信息時報頒發的2019年度中國時尚產業「最受消費者青睞品牌獎」；及

Management Discussion and Analysis (Continued)

管理層討論及分析(續)



— the Group won the honour as the “Top 10 China Daily Chemical Brands (中國日化用品十大品牌企業) in 2019” in the iiMedia Ranking (艾媒金榜). The award was based on assessment of the company’s strength index, media attention index, public praise index, and analyst evaluation index, which was carried out by iiMedia Daily Chemical Industry Research Centre (艾媒日化品牌行業研究中心).

— 本集團贏取艾媒金榜發佈的2019《中國日化用品十大品牌企業》，該獎項是由艾媒日化品牌行業研究中心對企業實力指數、媒體熱度指數、用戶口碑指數、分析師評價指數等多個維度針對品牌所進行的綜合評估。

Key Risks and Uncertainties

Apart from those stated in the Chairman’s Statement, Management Discussion and Analysis and Outlook 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 has been common for the Mainland manufacturing enterprises to face continuously rising labour costs and difficulties in employing skilled labour. Our Group’s strategy in response is to reduce the production costs. From the start of 2020, almost all business enterprises in the China have been suffering from the unprecedented coronavirus pandemic, and the Group’s operations were temporarily disrupted in the first quarter with financial performance being impacted to a certain degree. Additional prevention and control measures by the government have been implemented to contain the spread of coronavirus, which also impact the Group’s operations. Whilst the Group will strictly follow all these regulatory measures laid down by the government, the Group had restarted its operations since 10 February 2020, and will make every effort to recover from any adverse impacts on its operations and economic impacts on itself and its customers.

主要風險及不明朗因素

除主席報告書、管理層討論及分析及展望提述事宜以外，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降低生產成本。在二零二零年初開始，全中國企業都遭受到了前所未有的冠狀病毒大流行，本集團第一季度業務也受到臨時性干擾，財務業績受到影響。政府為控制冠狀病毒的傳播，已經採取了額外的預防和控制措施。本集團一方面嚴格遵守政府制定的所有這些監管措施，並在二零二零年二月十日復工，但本集團亦盡一切努力從對其業務的任何不利影響及對其自身和客戶的經濟影響中恢復過來。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)



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 recognised for in respect of uncollectible debts. For the year ended 31 December 2019, no bad debts were recognised 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.

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.

2. 客戶的信貸風險

隨著經濟疲弱，客戶壞賬風險相對增加。為降低信貸風險，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。截至二零一九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。

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。

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.

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，用電量大幅度降低。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)



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.

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。

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.

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。我們提供僱員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。

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.

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。

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.

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。

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

本集團與供應商關係良好，每年對供應商進行公平及嚴格的審核。



Management Discussion and Analysis (Continued)

管理層討論及分析(續)

Financial Review

Revenue

During the year under review, the Group's revenue from operations amounted to approximately RMB258.2 million, representing a decrease of approximately 12.1% from approximately RMB293.9 million for 2018. The revenue through the online sales channel decreased by approximately 4.7% as compared with 2018 and the revenue through the conventional sales channel decreased by approximately 21.1% as compared with 2018.

The Group's core brand, Bawang, generated approximately RMB241.5 million in revenue, which accounted for approximately 93.5% of the Group's total revenue by product category in 2019, and represented a decrease of approximately 11.0% as compared with 2018.

The branded Chinese herbal anti-dandruff hair-care series, Royal Wind, generated approximately RMB7.0 million in revenue, which accounted for approximately 2.7% of the Group's total revenue by product category in 2019, and represented a decrease of approximately 17.7% as compared with 2018.

The natural-based branded shampoo, shower gel and laundry detergent products series, Litao, generated approximately RMB7.5 million in revenue, which accounted for approximately 2.9% of the Group's total revenue by product category in 2019, and represented a decrease of approximately 16.7% as compared with 2018.

The branded Chinese herbal skin-care series, Herborn, generated approximately RMB1.8 million in revenue, which accounted for approximately 0.7% of the Group's total revenue by product category in 2019, and represented a decrease of approximately 57.1% as compared with 2018.

財務回顧

營業額

於回顧年度內，本集團營業額約為人民幣258.2百萬元，較二零一八年同期的人民幣293.9百萬元下降了約12.1%，其中電商渠道的營業額較二零一八年下降了約4.7%。傳統渠道的營業額較二零一八年下降約21.1%。

本集團核心品牌一霸王，其營業額約人民幣241.5百萬元，約佔本集團二零一九年度按品牌分類營業額的93.5%，比二零一八年下降了約11.0%。

中草藥去屑護髮系列品牌一追風，其於二零一九年度的營業額約人民幣7.0百萬元，約佔本集團按品牌分類營業額的2.7%，比二零一八年下降了約17.7%。

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7.5百萬元，約佔本集團二零一九年度經營按品牌分類營業額的2.9%，比二零一八年下降了約16.7%。

中草藥護膚品牌一本草堂，其營業額約人民幣1.8百萬元，約佔本集團二零一九年度按品牌分類營業額的0.7%，比二零一八年下降了約57.1%。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)



We sold our products through extensive distribution and retail networks, via conventional and online sales channels. During the year ended 31 December 2019, a summary of our sales revenue in percentage through different networks and/or channels is as follows:

我們一般通過廣泛的分銷商和零售商網絡銷售我們的產品。截止二零一九年十二月三十一日，綜述我們通過不同網絡和/或渠道的銷售額百分比列示如下：

Network/Channel 網絡/渠道		Conventional 傳統 (%)	Online 電商 (%)	Total 合計 (%)
Distributor	分銷商	33.7	23.4	57.1
Retailer	零售商	7.1	35.8	42.9
Total	合計	40.8	59.2	100.0

In 2019, our products were also sold in Hong Kong, Thailand and Malaysia. The sales to these overseas markets accounted for approximately 1.2% of our total revenue in 2019.

於二零一九年度，我們的產品也在香港、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二零一九年度總營業額的約1.2%。

Cost of Sales

Cost of sales in 2019 amounted to approximately RMB143.1 million, representing a decrease of approximately 8.5% compared with approximately RMB156.4 million in 2018. Such decrease was mainly due to the decrease in materials consumed, packaging material consumed and manufacturing expenses, which was partially offset by an increase in the costs of direct labour.

銷售成本

二零一九年度的銷售成本約人民幣143.1百萬元，相比二零一八年約人民幣156.4百萬元下降了約8.5%。下降的主要原因是原材料成本，包裝材料成本及製造費用的下降，但是這個下降部份被直接人工費用的增加部份所抵減。

Gross Profit

During the year under review, the Group's gross profit decreased to approximately RMB115.0 million, representing a decrease of approximately 16.4% as compared with approximately RMB137.5 million for 2018. The gross profit margin decreased from approximately 46.8% for 2018 to approximately 44.5% for 2019. Such decrease was mainly attributable to a decrease of sales volume, which led to an increase in production cost per unit due to diseconomies of scale.

毛利

於回顧年度內，本集團的毛利下降至約人民幣115.0百萬元，與二零一八年約人民幣137.5百萬元相比下降了約16.4%。毛利率從二零一八年約46.8%下降至二零一九年約44.5%。毛利率下降的主要原因是由於銷售量的下降導致規模經濟效益下降而使產品單位生產成本的增加。

Other Income

During the year under review, other income decreased to RMB3.0 million, representing a mild decrease of 3.2% as compared with 2018.

其他收入

在本年度，其他收入約為人民幣3.0百萬元，與二零一八年相比略降了3.2%。



Management Discussion and Analysis (Continued)

管理層討論及分析(續)

Selling and Distribution Costs

Selling and distribution costs decreased to approximately RMB104.7 million for 2019, representing a decrease of approximately 7.7% as compared to that for 2018. Such decrease was mainly due to decrease in goods delivery expenses and the decrease in outsourced labour costs, which resulted from the decrease in sales volume through the conventional sales channel, but such decrease was partially offset by the increases in salaries of sales staff and advertising and branding expenses. As a percentage of revenue, our selling and distribution costs increased from approximately 38.6% in 2018 to 40.5% in 2019.

Administrative Expenses

Administrative expenses for 2019 amounted to approximately RMB30.6 million, representing an increase of approximately 18.6% as compared with approximately RMB25.8 million in 2018. Such increase was mainly due to the increase in salaries and research and development expenses, but such increase was partially offset by the decrease in legal and professional fees and outsourced labour costs. As a percentage of revenue, our administration expenses were approximately 11.9% and 8.8% in 2019 and 2018, respectively.

Reversal of Impairment Losses

For the year under review, the Group has made a reversal of impairment losses of approximately RMB4.8 million in respect of trade receivables, following the management's assessment on credit risk of our financial assets by adopting the expected credit loss (the "ECL") according to IFRS 9. Details are set out in note 21 on pages 145 to 148 to the consolidated financial statements relating to the credit risk of financial assets.

Loss from Operations

The Group recorded an operating loss of approximately RMB12.9 million for 2019, as compared with an operating loss of approximately RMB0.8 million for 2018, which was mainly because of (1) the Group has been facing intense competition in the sales of its products, which caused a decrease in revenue; and (2) the Group increased its expenditures in the ongoing development of its online sales channel, which negatively affected the Group's operating margin for the year.

銷售及分銷成本

二零一九年度銷售及分銷開支減少至約人民幣104.7百萬元，較二零一八年減少約7.7%。其減少的原因主要是通過傳統銷售平台的銷售量的下降引起物流配送費的下降及公司外包勞務費的減少，而這些方面費用的下降被銷售人員工資和廣告及品牌推廣費用的增加部份所抵減。以佔收益的百分比計算，我們的銷售及分銷開支由二零一八年的約38.6%增加至二零一九年的約40.5%。

行政開支

二零一九年度行政費用約為人民幣30.6百萬元，較二零一八年同期的約人民幣25.8百萬元，增加了約18.6%。其增加的原因是工資及研發費用的增加，而這些方面費用的增加被法律及專業費用和外包勞務費的減少部份所抵減。以佔收益的百分比計算，我們二零一九年和二零一八年的行政費用分別約為11.9%和8.8%。

減值損失回撥

在回顧年度內，管理層根據國際報告準則第9號的預期信貸損失「預期信貸損失」對金融資產進行信貸風險評估後，本集團撥回了貿易應收款項之減值損失約為人民幣4.8百萬元。有關詳情載列於綜合財務報表第145至148頁附註21有關金融資產的信貸風險。

經營虧損

於二零一九年，本集團錄得經營虧損約人民幣12.9百萬元，而去年同錄得經營虧損約人民幣0.8百萬元。其增加的主要原因是(1)本集團產品銷售面臨激烈競爭，導致收入下降；及(2)本集團為電商管道的持續開發增加支出，因而對本集團當年的營業利潤產生了負面影響。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)



Finance Costs

For the year ended 31 December 2019, interest on bank borrowings amounted to approximately RMB0.6 million (2018: RMB0.4 million). Interest on lease liabilities amounted to approximately RMB1.7 million (2018: nil).

Income Tax

During the year ended 31 December 2019, the Group's income tax expense was approximately RMB6,000 (2018: nil). Based on facts and circumstances and a detailed review of the Group's tax position carried out by an independent tax consultant, the over provision for PRC Enterprise Income Tax in prior years of approximately RMB9.1 million (2018: nil) was written back and credited to profit or loss for the year ended 31 December 2019.

Loss for the Year

As a result of the combined effect of the above mentioned factors, the Group recorded a loss of approximately RMB6.1 million for 2019, as compared with a loss of approximately RMB1.2 million for 2018.

The actual net loss of approximately RMB6.1 million is lower than that of the expected net loss in the region of approximately RMB10.0 million for 2019 as disclosed in the Supplemental Announcement. The favorable variance was mainly attributable to a lower amount of impairment loss being recorded for our financial assets following management's assessment on credit risk by adopting the ECL according to IFRS 9.

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 RMB6.1 million for 2019, as compared with a loss attributable to owners of the Company of approximately RMB1.2 million for 2018.

財務費用

截至二零一九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0.6百萬元(二零一八年：約人民幣0.4百萬元)。來自租賃負債的利息約為人民幣1.7百萬元(二零一八年：無)。

所得稅

截至二零一九年十二月三十一日，本集團錄得所得稅約人民幣6,000元(二零一八年：無)。根據事實和情況及獨立稅務顧問對集團稅務狀況進行了詳細的審查，回撥以前年度超額計提中國企業所得稅約為人民幣9.1百萬元(二零一八年：無)並計入了二零一九年十二月三十一日止年度的損益中。

年內虧損

綜合以上列報的因素，二零一九年度本集團錄得虧損約人民幣6.1百萬元，而二零一八年同期錄得經營虧損約人民幣1.2百萬元。

實際的淨虧損約人民幣6.1百萬元比補充公告中披露的預期淨虧損約人民幣10.0百萬元區間較低。這個有利的差異主要是因為本集團採用國際財務報告準則9號中預期信貸損失由管理層對本集團的金融資產進行信貸風險評估以後，錄得相對較低的減值損失所致。

本公司擁有人應佔之年內虧損

因上述因素的綜合影響，本集團二零一九年度錄得本公司擁有人應佔虧損約人民幣6.1百萬元，而二零一八年錄得本公司擁有人應佔虧損約人民幣1.2百萬元。



Management Discussion and Analysis (Continued)

管理層討論及分析(續)

Events After the Reporting Period

Save for the matters relating to the outbreak of the disease caused by the COVID-19 virus as described above and also in the Company's business update voluntary announcement dated 21 February 2020, which may adversely affect the financial results of the Group for the six months ending 30 June 2020, the Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 31 December 2019 and up to the date of this report.

Outlook

In late January 2020, the IMF revised China's gross domestic product ("GDP") growth prediction for 2020 from 5.8% per cent in October 2019 to 6.0% after the phase one of the Economic and Trade Agreement between China and the United States was signed in mid-January 2020. The actual China's year-on-year GDP growth reached 6.1% in 2019.

The IMF said that the economic growth projection for 2020, which depends on avoiding further escalation in the US-China trade tensions, averting a no-deal Brexit, and the economic ramifications of social unrest and geopolitical tensions remaining contained.

Regarding the impact of the outbreak of the disease caused by the COVID-19 virus on the economic activities and growth, the IMF said in late January 2020 that it was "too early" to assess the full impact of the epidemic but acknowledged that it had already affected sectors such as tourism and transportation. The IMF went on to indicate that the epidemic could damage, not limited to China, the global economic growth in 2020, but a sharp and rapid economic rebound could follow in 2021, if the disease is "contained rapidly, in what is known as the V-shaped impact."

In the midst of novel coronavirus outbreak in mid-February 2020, a poll of 40 economists, which was commissioned by Reuters, predicted China's annual economic growth in the first quarter of 2020 to slump to 4.5% from 6.0% in the previous quarter. That drop was expected to drag down the full-year growth rate in 2020 to 5.5% from 6.1% in 2019, its weakest since at least 1990 when comparable records began. However, economists were optimistic the economy would bounce back as soon as the second quarter, with growth then forecast to recover to a median 5.7%, according to the poll.

報告期後事項

除了上述與新型冠狀病毒爆發有關事宜，以及公司於二零二零年二月二十一日所發佈可能會對集團截至二零二零年六月三十日止六個月的財務業績產生不利影響的業務發展最新情況自願公告以外，截至本報告日期，董事們並未知曉任何二零一九年十二月三十一日之後發生的需要披露的重大事件。

展望

二零二零年一月下旬，在中美第一階段貿易協定於二零二零年一月中簽署後，國際貨幣基金組織將中國二零二零年國內生產總值(GDP)增長預期從二零一九年十月的5.8%修訂為6.0%。二零一九年中國實際GDP同比增長6.1%。

國際貨幣基金組織表示，二零二零年的經濟增長預期取決於避免中美貿易緊張局勢進一步升級，避開英國發生「無協議脫歐」情況，以及社會動盪和地域政治緊張局勢的經濟後果仍可得以控制。

在談及新型冠狀病毒導致的疾病爆發對經濟活動和增長的影響時，國際貨幣基金組織於二零二零年一月下旬表示，現在評估這種傳染病的全面影響「還為時過早」，但不得不承認它已經影響到了諸如旅遊和交通等行業。國際貨幣基金組織緊接著表示，這種傳染病不僅限於損害中國，而且損害全球二零二零年的經濟增長，如果這種疾病被快速遏制，會在接下來的二零二一年出現快速的經濟反彈形勢，即所謂的「V」型形勢影響。

在二零二零年二月中旬新型冠狀病毒肆虐之際，路透社(Reuters)對40位經濟學家進行了一項調查，他們預測中國二零二零年第一季度的經濟年增長率將從上一季度的6.0%下降到4.5%。該次下降預計將把二零二零年全年的經濟增長率從二零一九年的6.1%拉低至5.5%，這是自一九九零年有可比記錄以來的最低水平。不過，經濟學家們樂觀地認為，根據調查顯示美國經濟最早將在第二季度出現反彈，屆時經濟增長率預計將回升至中值5.7%。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)



In early March 2020, the IMF slashed its 2020 economic growth outlook for China to below 5.6 per cent because of the “sheer geographic spread” of the coronavirus epidemic globally. With the ever-increasing number of confirmed novel coronavirus cases and casualties from mid-March 2020, the economic growth prospect of 2020 is expected to be bleak, which the growth rate may fall to 1.2% this year.

Owing to the uncertainties as mentioned in the above paragraphs, the Directors tend not to be optimistic about the Chinese economy in 2020. Having said that, we believe that people will pay more attention to their health care after this epidemic. Hence, business opportunities may be available to the Group. We are confident about the Group’s development in the long run.

The corporate theme for 2020 is “Without fear of difficulty, re-launch again”.

For Bawang branded products, the Group will make use of: (1) the popularity of Internet celebrities to increase the exposure of the brand and to cooperate with the Internet celebrities for driving up the sales revenue; (2) the impact arising from the “College Students Advertising Festival” (大學生廣告藝術節) in spring to continue to explore and expand the market shares in the young generation segment, to deepen the recognition and association of the post-95 and the post-00 generations with anti-hair fall concept with emphasis on the core philosophy of Bawang brand in anti-hair fall and hair-care and receptive attitude towards the rejuvenated Bawang brand so as to achieve the purposes of advertising and promoting the brand; (3) the publicity and promotion of Bawang branded products through new media, internal media and word-of-mouth of key opinion leaders; and (4) further focus of promotion in Bawang anti-hair fall, natural herbal and amino acid as well as Bawang antiseptic product series to enhance the Group’s sales revenue.

For Royal Wind branded product series, the Group will continue to make good efforts to promote its brand image to cater for the trendy lifestyle of young customers. We mainly promote the fragrance products series of this brand in 2020, and will sell our branded products through traditional sales channels, the exclusive zones inside the contracted supermarkets and the online flagship stores.

For Litao branded product series, we mainly promote our antiseptic laundry detergents and shower gel in order to execute the plan to satisfy the market needs in the midst of the epidemic and to enhance the Group’s revenue.

二零二零年三月初，由於新型冠狀病毒在全球「大規模的地域傳播」，國際貨幣基金組織將中國二零二零年經濟增長預期下調至5.6%以下。二零二零年三月中旬以來，隨著被確診為冠狀病毒的病例和傷亡人數的不斷增加，二零二零年的經濟增長期望暗淡，今年可能下降1.2%。

由於上文各段落所述的不確定因素，董事們對二零二零年的中國經濟並不持有樂觀態度。話雖如此，我們相信，這次疫情之後人們將更加關注他們的衛生保健。因此，本集團可能會獲得商機。我們對集團的長遠發展充滿信心。

二零二零年的企業主題是「2020，不畏難，再出發」。

對於霸王品牌系列產品，本集團將透過(1)流量明星的知名度增加品牌曝光度及與流量明星合作增加銷售額；(2)利用於春季舉行的大學生廣告藝術節繼續開拓及擴大年輕一代的市場份額，深化年輕的95後和00後大學生的防脫髮意識，強調他們霸王品牌核心防脫和育髮理念，認可霸王品牌年輕化的態度，從而達到傳播和推廣霸王品牌的目的；(3)通過新媒體傳媒、自媒體傳播、KOL達人的口碑等方式宣傳及推廣我們的霸王品牌產品；及(4)進一步重點推廣霸王防脫、天然植物及氨基酸系列產品來增加霸王品牌系列產品的銷售額，同時推出霸王消殺類產品增加本集團銷售額。

對於追風品牌系列產品，集團一直致力於提升品牌形象，以迎合年輕顧客的當下時尚生活方式。二零二零年我們主推該品牌的香氛系列產品，並將通過流通、包場及電商旗艦店來銷售我們的品牌產品。

對於麗濤品牌系列產品，集團計劃二零二零年迎合市場需求，主推抑菌類的洗衣液和沐浴露系列產品來增加集團的銷售額。



Management Discussion and Analysis (Continued)

管理層討論及分析(續)

For conventional channels, the Group will continue to deepen cooperation and interaction with distributors by: (1) regularly updating our stimulating sales policies and reinforcement of supports to key customers for the purpose of stabilizing the sales from the distributor channel; (2) launching of antiseptic products for developing unexplored market in the traditional channel; (3) providing substantial supports to exclusive zone channel through heavy promotion of anti-hair fall, amino acid and antiseptic new product series so as to enhance the sales revenue through this channel; and (4) endeavoring to develop new sales channel, to obtain more OEM orders and to encourage staff members to seek to expand group sales customers.

As to the online sales channel, the Group hopes to achieve stable sales growth in the future. For our own online flagship stores, the Group will continue to create signature anti-hair fall and hair-care product series. In its marketing and promotion plans, the Group will broadcast commercial videos featuring our product range in different social media such as Tik Tok, Kwai and Taobao live. For the online distributors, the Group will select some quality and potential online platforms and distributors and to provide them with higher sales and marketing expenses as so to enhance sales revenue and rate of return.

Apart from this, the Group intends to further tap into the potential of social media e-commerce. The Group will continue to develop the social media platforms such as WeChat Small App to enhance sales revenue. The Group will make use of potential user-group networks and user-to-user connections in other platforms for increase of sales revenue.

For production management, we strive to keep our customers satisfied with the quality of our products. While we uphold quality of products, we will at the same time continue to reduce spoilage, lower the production costs, increase the turnover of production materials and minimize the inventory level. We will continue to make good use of our management skills, advanced production equipment and spare production facilities and capacities for expanding an original equipment manufacturer (OEM) business. Additionally, having considered the production requirements, we will seek to enhance the utilization rate of the production floor area and optimize the storage space. We believe that through the integration of production resources to achieve greater value enhancement, we can create more revenue for our shareholders.

對於傳統渠道，集團將繼續深耕與經銷商的合作與互動，(1)通過定期制定出台一些激勵銷售政策及加大重點客戶的扶持力度來穩定終端渠道的銷售額；(2)通過增加流通渠道消殺類產品的投放及開拓流通空白市場來做大流通渠道；(3)加大包場渠道的支持力度，重點推廣防脫、氨基酸系列新品及公司新的消殺類產品來增加包場渠道的銷售；及(4)集團將會竭力開拓新的銷售渠道，引進更多的外加工單，鼓勵僱員開拓更多的團購客戶。

對於電商渠道，集團希望在未來實現穩定的銷售增長。針對旗艦店，集團將繼續打造防脫育髮類的爆品，通過抖音、快手及淘寶直播等的短視頻營銷方式推廣及銷售我們的產品；針對電商經銷商客戶，集團將篩選優質且有發展潛力的電商平台及經銷商客戶，增加對其銷售費用投入來提升集團的銷售和利潤率。

除此之外，本集團計劃深入挖掘社交電商的潛力，繼續開拓微信小程序，來增加我們的銷售。本集團計劃利用潛在的客戶群體及其他平台上客戶人脈帶動增加銷售。

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

Management Discussion and Analysis (Continued)

管理層討論及分析(續)



As part of the business expansion plan, the Group will continue to explore the possibility of engaging 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 report, 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.

Liquidity, Financial Resources and Capital Structure

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

在業務擴展計劃方面，本集團將繼續開發與潛在經銷商合作，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。

流動資金、財務資源及資本架構

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

		31 December 2019 二零一九年 十二月三十一日 RMB in million 人民幣百萬元	31 December 2018 二零一八年 十二月三十一日 RMB in million 人民幣百萬元
Cash and cash equivalents	現金及現金等價物	102.2	65.5
Total loans	貸款總額	9.7	12.6
Total assets	總資產	290.2	283.2
The gearing ratio ¹	資產負債率 ¹	3.3%	4.3%

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 Mainland 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 2019, 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 2019.

Capital Commitments

As at 31 December 2019, the capital commitments of the Group amounted to approximately RMB0.3 million.

Charge of Assets

As at 31 December 2019, buildings with carrying values of approximately RMB3.2 million (2018: RMB3.4 million) were pledged to secure banking facilities granted to the Group. During the year under review, the Group obtained the banking facilities of approximately RMB500 million. As at 31 December 2019, banking facilities of approximately RMB500 million were unutilised and available for the Group's future financing.

匯率波動風險及有關對沖

本集團主要在中國內地經營業務，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。於二零一九年十二月三十一日，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

於二零一九年十二月三十一日，本集團並無重大或然負債。

資本承擔

於二零一九年十二月三十一日，本集團資本承擔總額為約人民幣0.3百萬元。

資產抵押

於二零一九年十二月三十一日，本集團抵押賬面價值約人民幣3.2百萬元的建築物(二零一八年：人民幣3.4百萬元)以確保銀行給予本集團的授信額度。於二零一九年十二月三十一日，本集團已獲得的銀行授信額度約為人民幣500百萬元，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500百萬元。

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 2019 (2018: Nil).

Inventories

As at 31 December 2019, the Group had inventories of approximately RMB29.4 million, representing a decrease of approximately 25.8% compared with approximately RMB39.6 million for 2018. 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 2019, the Group had trade receivables of approximately RMB21.5 million, representing a decrease of approximately 30.0% compared with approximately RMB30.7 million for 2018. Such decrease was primarily due to (1) the decrease in the overall sales of online and conventional channels; and (2) the Group adopts stricter credit policies.

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，於二零一九年十二月三十一日，本公司並無可供分配予股東的儲備(二零一八年：無)。

存貨

截至二零一九年十二月三十一日止，本集團存貨約人民幣29.4百萬元，較二零一八年同期約人民幣39.6百萬元下降約25.8%。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/或者是否應該作出撥備。

貿易應收賬款

截至二零一九年十二月三十一日止，本集團的貿易應收款項約為人民幣21.5百萬元，較二零一八年同期約人民幣30.7百萬元下降約30.0%。主要原因在於，(1)電商和傳統渠道整體銷售額的下降；及(2)本集團採用更為嚴格的信用政策。

本集團部分銷售以信貸形式進行，貿易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 2019, the trade and other payables of the Group was approximately RMB75.7 million (2018: RMB81.4 million). The decrease was primarily due to the decrease of the promotion fee payables and non-income tax payables, but such decrease was partially offset by the increase of trade payables. For the two years ended 31 December 2019, 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 2019, 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 2019, the Group employed approximately 594 employees (31 December 2018: 626), 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 RMB54.7 million for 2019 (31 December 2018: RMB47.7 million).

貿易及其他應付賬款

於二零一九年十二月三十一日，本集團貿易及其他應付賬款約為人民幣75.7百萬元(二零一八年：人民幣81.4百萬元)，這個減少主要是應付促銷費和非所得稅應付款有所減少，但部分減少被貿易應付賬款的增加所抵減。截至二零一九年十二月三十一日止的兩個年度，貿易及其他應付賬款並無任何應付關聯方的結餘。

人力資源

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

在二零一九年，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。

於二零一九年十二月三十一日，本集團僱用大約594名僱員(二零一八年十二月三十一日：626名)，其中包括在中國和香港的全職僱員以及合約僱員。人事總開支包括工資、薪金和福利，於二零一九年為人民幣54.7百萬元(二零一八年十二月三十一日：人民幣47.7百萬元)。

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 contract personnel as at 31 December 2019 and 2018:

下表載列於二零一九年十二月三十一日及二零一八年十二月三十一日我們的總僱員及合約僱員的明細：

		31 December 2019 二零一九年 十二月三十一日	31 December 2018 二零一八年 十二月三十一日
Full-time employees	全職僱員	197	191
Contract personnel	合約僱員		
– Sales persons	– 促銷員	95	108
– Others	– 其他	302	327
Total employees	總僱員人數	594	626

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

本集團的僱員薪酬、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 the 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僱員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、優厚的僱員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 2019.

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 2019, 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.

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，截至二零一九年十二月三十一日止的年度，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。

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

於二零一九年十二月三十一日，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.

To satisfy the independence requirement of the independent non-executive Directors, the Board must determine that the independent non-executive Directors do 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.

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 eight meetings in 2019. Each of Mr. CHEN Qiyuan, Mr. CHEN Zheng He, Mr. WONG Sin Yung, Dr. NGAI Wai Fung, Mr. CHEUNG Kin Wing and Dr. WANG Qi attended all meetings.

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.

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。

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。

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。

二零一九年期間，董事會召開了八次會議。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上述所有會議。

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。

Corporate Governance Report (Continued)

企業管治報告(續)

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.

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.

為了向股東提候選人(們)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。

提名委員會將在評估潛在候選人時參考一些因素，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、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(們)，包括新獨立非執行董事(們)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。

Corporate Governance Report (Continued)

企業管治報告(續)

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.

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.

The Board is not aware of any shareholders who have waived or agreed to waive any dividends.

Update on Directors' Information

Mr CHEUNG Kin Wing, an independent non-executive Director, joined Self Strengthening Service Centre Limited (自強服務中心有限公司), which is a company limited by guarantee and an approved charitable organization, as a director on a voluntary basis with effect from 30 September 2019.

Dr. NGAI Wai Fung, an independent non-executive Director, ceased to be an independent non-executive director of Yangtze Optical Fibre and Cable Joint Stock Limited Company (stock code: 6869.HK) from January 2020.

Remuneration of Directors and Chief Executive

Details of the remuneration of each Director and the Chief Executive for the year ended 31 December 2019 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.

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。

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。

就本公司所知，概無本公司股東放棄或同意放棄股息。

董事資料更新

張建榮先生，公司獨立非執行董事，自二零一九年九月三十日起，以義務性質擔任自強服務中心有限公司的董事，該公司是一家註冊為有限擔保公司及認可慈善機構。

魏偉峰博士，公司獨立非執行董事，於二零二零年一月卸任長飛光纖光纜股份有限公司(股份代碼：6869.HK)獨立非執行董事。

董事及最高行政人員薪酬

截至二零一九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。

Corporate Governance Report (Continued)

企業管治報告(續)

As of 31 December 2019, 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) 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 Nomination Committee. During the year under review, the Directors received an aggregate of approximately 223 hours of training in various fields with a breakdown as follows:

截至二零一九年十二月三十一日止年度，全體董事(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223小時的各個領域的培訓，明細列示如下：

2019 Directors' Training by Topic 二零一九年董事培訓主題

Average per person: approximately 37 hours	每人平均：約37小時	Hong Kong	Director's	Financial	Economy/	Business	Others ¹
		Legislative/ Regulatory Compliance	Duties/ESG Practices	Reporting/ Taxation/Risk Management	Capital Market Updates	Management/ Investor Relationship	
		香港法例/ 監管規定的 遵守	董事職責/ 環境、社會 及管治實施	財務報告/ 稅務/ 風險管理	經濟/ 金融市場 更新	業務管理/ 投資者關係	其他 ¹
Executive Director	執行董事						
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	✓	✓	✓	✓	✓	✓
INEDs	獨立非執行董事						
Dr. NGAI Wai Fung	魏偉峰博士	✓	✓	✓	✓	✓	✓
Mr. CHEUNG Kin Wing	張建榮先生	✓	✓	✓			
Dr. WANG Qi	王琦博士	✓	✓			✓	✓

1. Include topics such as technology transfer and industry association internal training, etc.

1. 包括諸如技術轉移行業協會內部培訓等。

Corporate Governance Report (Continued)

企業管治報告(續)

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. 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.

The Remuneration Committee held two meetings in 2019. 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 three meetings in 2019. During the meetings, the committee members reviewed the senior management structure of the Group and the re-election of Directors. All committee members attended the said meetings.

Audit and Risk Management Committee

As at 31 December 2019, 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.

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。

二零一九年期間，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。

二零一九年期間，提名委員會召開三次會議。會議期間，本委員會成員已審閱本集團高級管理層架構及董事膺選連任事項。所有委員均有出席該會議。

審核及風險管理委員會

於二零一九年十二月三十一日，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。

Corporate Governance Report (Continued)

企業管治報告(續)

The written terms of reference which describes the authority and duties of the Audit and Risk Management Committee was 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.

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.

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。

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。

Corporate Governance Report (Continued)

企業管治報告(續)

In 2019, 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 audit for the financial year ended 31 December 2019, one issue relating to the use of treasury funds by the management of the Company had been noted by the external auditor and reported to the Audit and Risk Management Committee, which was subsequently reported to the Board, and addressed by way of an announcement dated 5 April 2020 by the Company and also enhanced by adopting internal control policies to prevent future occurrence. Save for the foregoing, 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 three meetings in 2019. Each of Dr. NGAI Wai Fung, Mr. CHEUNG Kin Wing and Dr. WANG Qi had attended all three meetings.

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 three 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.

於二零一九年，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。在進行截至二零一九年十二月三十一日止財政年度的審計時，外聘核數師注意到一項與管理層在現金庫務管理的事項，並向審核和風險管理委員會作出報告，隨後審核及風險管理委員會向董事會作出報告及由本公司作出之二零二零年四月五日公告並同時採納優化後的內部監控系統以防止同樣事情再次發生作處理。除此以外，在本年度內，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。

於二零一九年期間，審核及風險管理委員會召開三次會議。魏偉峰博士、張建榮先生及王琦博士均有出席上述三次會議。

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三次會議，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。

Corporate Governance Report (Continued)

企業管治報告(續)

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 2019, is set out on pages 70 to 72 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.

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.

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二零一九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70至72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。

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、以及從前線及後勤僱員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。

Corporate Governance Report (Continued)

企業管治報告(續)

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, and save as mentioned above, 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.

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、適當資歷及經驗的僱員的數量)是否足夠、以及評估現行僱員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，及除已在上文所述者外，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.

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箱以作查詢。本公司的公司秘書亦會定期向公司的董事、高級管理層以及僱員作出提示,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。

Corporate Governance Report (Continued)

企業管治報告(續)

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 is available on the website of the Company; (iv) press conference and briefing meetings with investors, shareholders and analysts may be 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.

The Company convened one shareholders' general meeting in 2019, being the Annual General Meeting (the "AGM") for the year 2018. The AGM held on 31 May 2019 reviewed and approved a number of resolutions such as the financial statements for the year 2018, 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 2019.

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。

本公司於二零一九年召開一次股東大會，為二零一八年股東週年大會（「股東週年大會」）。於二零一九年五月三十一日召開的股東週年大會審議通過了二零一八年財務報告、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，黃先生於截至二零一九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。

Corporate Governance Report (Continued)

企業管治報告(續)

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.

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 2019 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 2019) are approximately RMB1,100,000 and RMB286,000 respectively.

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。

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

截至二零一九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核數服務及非核數服務(包括審閱本公司二零一九年度中期業績公告及中期報告)的薪酬分別約為人民幣1,100,000元和人民幣286,000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 2019.

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 170 to 171 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 2019, 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 14, “Key Risks and Uncertainties facing the Company” on pages 14 to 15, “Environmental Protection” on page 15, “Business compliance” on page 16, “Relationship with Employees, Customers and Suppliers” on page 16, and “Outlook” on pages 21 to 24 of this report respectively. An analysis using financial key performance indicators is set out in the sections “Revenue and Segment Information” on pages 127 to 130 and “Five Year Financial Summary” on page 172 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 2019.

Results and Appropriations

The results of the Group for the year ended 31 December 2019 are set out in the consolidated statement of profit or loss on page 73 of this annual report.

董事呈列董事會報告，連同截至二零一九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170至171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、自二零一九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14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16頁之「業務合規」、第16頁之「與僱員、僱客和供應商的關係」、及第21至24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127至130頁之「營業及分部資料」及第172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二零一九年十二月三十一日止年度的任何末期股息。

業績及分配

本年度截至二零一九年十二月三十一日止年度之集團業績載於本年度報告第73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 2019 are set out on pages 76 and 161 of this annual report respectively.

Major Customers and Suppliers

During the year ended 31 December 2019, sales made to the Group's five largest customers and the largest customer accounted for approximately 23.0% and 11.7%, respectively of the total sales of the Group. The Group purchased approximately 37.2% and 16.7%, 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 172 of this annual report.

Bank Borrowing

Please refer to note 26 of the audited consolidated financial statements for details of bank borrowing 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二零一九年財政年度的儲備變動，詳情分別載於本年度報告第76及161頁。

主要客戶及供應商

截至二零一九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23.0%及11.7%。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37.2%及16.7%。

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172頁。

銀行借款

本集團的銀行借款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 and 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 76 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 2019.

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.

Equity-Linked Agreements

Save for the Share Option Scheme and Pre-IPO Share Option Scheme described below, the Group has not entered into any equity-linked agreements during the year.

Tax Relief and Exemption

The Company is not aware of any tax relief and exemption available to the shareholders of the Company by reason of their holding of the Company's securities.

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和29。

權益變動

請參閱本年度經審核的綜合財務報表所列載的綜合權益變動表(本年度報告第76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

於二零一九年十二月三十一日，本公司的附屬公司的詳情分別列載於本年度經審核的綜合財務報表附註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。

股票掛鈎協議

除下文所述之購股權計劃及首次公開發售前購股權計劃外，本集團於年內並無訂立任何股票掛鈎協議。

稅項減免

就本公司所知，概無本公司股東因持有本公司證券而獲得任何稅務減免。

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 2019 and up to the date of this annual report.

Permitted Indemnity

Pursuant to the Articles, every Director shall be entitled to be indemnified out of assets of our Company against all losses or liabilities which he/she may sustain or incur about the execution of duties of his/her office or otherwise in relation thereto. Such permitted indemnity provision is currently in force and was in force throughout the financial year. 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.), MCI Arb*
CHEUNG Kin Wing *FCA, CPA*
Dr. WANG Qi

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，本公司於截至二零一九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

根據組織章程細則，每名董事就其執行職務或與此有關所蒙受的或招致的一切損失或負債，均有權自本公司資產中獲得彌償保證。該許可彌償條文目前已生效，並在整個財政年度生效。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.), MCI Arb*
張建榮 *FCA, CPA*
王琦博士

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 2019) 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. The Directors may be benefited from fees, salaries, housing allowances, other allowances, benefits in kind or bonuses in accordance with their respective service contracts.

董事之履歷詳情、退任及董事重選

本公司董事截至二零一九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。董事可按照其各自的服務合約受益於袍金、薪金、住房津貼、其他津貼、實物利益或花紅。

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.

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 2019, the Directors and chief executive of the Company had the following interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "SFO"), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they had taken or deemed to have under such provisions of the SFO); or (b) to be and were entered into the register that was required to be kept by the Company pursuant to section 352 of the SFO; or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code:

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。

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

於二零一九年十二月三十一日，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/ chief executive 董事/最高行政人員 名稱	Long/short position in ordinary shares 普通股中之好/淡倉	Nature of interest 權益性質	Number of ordinary shares/ underlying ordinary shares of the Company held 持有公司 的普通股及 相關普通股 股份數目	Approximate percentage of issued share capital of the Company 於公司 已發行 股本中之 權益百分比 (約數)
CHEN Qiyuan (Note 1) 陳啟源(附註1)	Long 好倉	Interest in controlled corporation 所控制法團權益	1,900,840,000	60.12%
CHEN Zheng He (Note 2) 陳正鶴(附註2)	Long 好倉	Interest in controlled corporation 所控制法團權益	1,900,840,000	60.12%
WONG Sin Yung 黃善榕	Long 好倉	Beneficial owner 實益擁有人	2,100,000	0.07%

Notes:

附註:

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

- 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。

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

Notes:

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

附註:

1. 陳啟源為Fortune Station已發行股本的約50.43%實益擁有人。由陳啟源18周歲以下的六位子女所實益持有的78.00% Heroic Hour已發行股本亦被視為歸屬於陳啟源。Heroic Hour持有Fortune Station已發行股本的約49.57%。
2. 憑藉陳正鶴作為受託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 2019, so far as known to any Director or chief executive of the Company, neither the Directors nor the chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they had taken or deemed to have under such provisions of the SFO); or (b) to be and were entered into in the register that was required to be kept by the Company pursuant to Section 352 of the SFO; or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

除上述披露的人員之外，於二零一九年十二月三十一日，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 2019, so far as known to any Director or chief executive of the Company, shareholders (other than a Director or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company as recorded in the register that was required to be kept pursuant to Section 336 of the SFO were as follows:

本公司主要股東的權益及淡倉

據本公司任何董事或最高行政人員所知，於二零一九年十二月三十一日，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 實益擁有人	1,900,840,000 (L)	60.12%
Heroic Hour	Interest in controlled corporation (Note 1) 所控制法團權益(附註1)	942,199,659 (L)	29.80%
WAN Yuhua (Note 2) 萬玉華(附註2)	Interest of children under the age of 18 未滿18歲的子女之權益	734,797,818 (L)	23.25%
CHEN Cynthia Yuping (Note 3) 陳鈺坪(附註3)	Beneficiary of a trust (other than a discretionary trust) 信託受益人(非酌情信託)	122,466,303 (L)	3.87%
	Other 其他	1,778,373,697 (L)	56.25%
CHEN Li Zi (Note 3) CHEN Li Zi (附註3)	Beneficiary of a trust (other than a discretionary trust) 信託受益人(非酌情信託)	122,466,303 (L)	3.87%
	Other 其他	1,778,373,697 (L)	56.25%
CHEN Zheng Sheng (Note 3) CHEN Zheng Sheng (附註3)	Beneficiary of a trust (other than a discretionary trust) 信託受益人(非酌情信託)	122,466,303 (L)	3.87%
	Other 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) 陳正諺(附註3)	Beneficiary of a trust (other than a discretionary trust) 信託受益人(非酌情信託)	122,466,303 (L)	3.87%
	Other 其他	1,778,373,697 (L)	56.25%
CHEN Ya Shan (Note 3) 陳雅善(附註3)	Beneficiary of a trust (other than a discretionary trust) 信託受益人(非酌情信託)	122,466,303 (L)	3.87%
	Other 其他	1,778,373,697 (L)	56.25%
CHEN Bo Ling (Note 3) CHEN Bo Ling (附註3)	Beneficiary of a trust (other than a discretionary trust) 信託受益人(非酌情信託)	122,466,303 (L)	3.87%
	Other 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 2019, the Company has not notified by any person (other than a Director or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept pursuant to Section 336 of the SFO.

於二零一九年十二月三十一日，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, remained in force for 10 years from the date becoming effective. This scheme expired on 19 May 2019.

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擁有公司股票的機會，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僱員。

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。此計劃已於二零一九年五月十九日到期。

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

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

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 2019, 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 2019.

Pre-IPO Share Option Scheme

On 10 December 2008, the Company adopted the Pre-IPO Share Option Scheme. The Company granted options to subscribe for an aggregate of 14,532,000 shares on 8 June 2009 to 42 participants 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 that have not been exercised by the relevant grantees prior to the tenth anniversary date of the grant date would lapse and be deemed as cancelled and void. Save for the exercise of the 630,000 options by Mr. WONG Sin Yung as mentioned below, all other pre-IPO share options that were outstanding as at 1 January 2019 have lapsed during the year under review.

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。

於二零一九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，而截至二零一九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

於二零零八年十二月十日，本公司採用首次公開發售前購股權計劃。本公司於在二零零九年六月八日向42名參與者授予認購合共14,532,000股股份的購股權，代價為每人1.0港元。首次公開發售前購股權的認購價為面值或1.19港元。相關承授人於授出日期十週年之日之前尚未行使的首次公開發售前購股權已失效，並被視為已取消及作廢。除了下文提及黃善榕先生行使之630,000購股權外，其它於二零一九年一月一日尚未行使的首次公開發售前的股票購股權已於本回顧年度內失效。

Report of the Directors (Continued)

董事會報告(續)

Among the granted share options, 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. 630,000 options were exercised by an executive Director during the year ended 31 December 2019. Movement of these share options during the year ended 31 December 2019 were as follows:

在已授予參與者的購股權中，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。於二零一九年十二月三十一日止年度，一名執行董事行使了630,000份購股權。這些首次公開發售前購股權截至二零一九年十二月三十一日止年度的變化明細如下：

Name of director	Date of grant	Exercise price (HKD)	Number of share options				Outstanding as at 31 December 2019	Approximate percentage of issued share capital of the Company (%)	Exercise Period
			as at 1 January 2019	Granted during the year	Exercised during the year	Forfeited during the year			
董事名稱	授權日	行權價(港元)	截至二零一九年一月一日尚未行使	於年內授予數目	於年內行權數目	於年內失效	截至二零一九年十二月三十一日尚未行使	佔本公司已發行股本的概約百分比(%)	行權期間
WONG Sin Yung 黃善榕	8 June 2009 二零零九年六月八日	Par Value 面值	630,000	—	630,000	—	—	0.01	4 July 2014 to 8 June 2019 二零一四年七月四日至二零一九年六月八日
Total 合計			630,000	—	630,000	—	—	0.01	

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

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名其他僱員。

As at 1 January 2019, there was a balance of unexpired and unexercised option to subscribe for 1,586,760 Shares (which was inclusive of Mr. WONG Sin Yung's share options). Save for the exercise of the 630,000 options as mentioned above, all other pre-IPO share options that were outstanding as at 1 January 2019 have lapsed during the year under review. Except as disclosed above, no further pre-IPO share options were granted, exercised, cancelled or lapsed for the year ended 31 December 2019. Details of Pre-IPO Share Option Scheme are set out in Note 29 on pages 156 to 159 under the section headed "Notes to the Consolidated Financial Statements" in this annual report.

於二零一九年一月一日，尚未到期且并未被行使的購股權有1,586,760股(包括由黃善榕先生所持有的購股權)。除了上述630,000份的購股權被行使外，所有於二零一九年一月一日尚未行使的首次公開發售前購股權計劃下的其他購股權於回顧年度內已失效。除了上述已經披露者外，截至二零一九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156至159頁。

Report of the Directors (Continued)

董事會報告(續)

Continuing connected transactions

For the year ended 31 December 2019, 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 468 Guanghua 3rd Road, Bawang Industrial Complex, 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. Details of the New Lease Agreement were disclosed in the Company's announcement dated 1 December 2017.

For the year ended 31 December 2019, 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，截至二零一九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、辦公場所以及僱員宿舍的租賃協議

於二零一七年十二月一日，霸王廣州就本集團的生產廠房、辦公場所以及僱員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二零一六年生產廠房租賃協議及二零一六年辦公場所租賃協議。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。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。

截至二零一九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 2019, 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 RMB3.9 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，請見本公司二零一八年六月一日發出的公告。

截至二零一九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3.9百萬元。

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 Company further confirms that the related party transactions that are set out in Note 34 under the section headed "Notes to the Consolidated Financial Statements" in this annual report fall within the definition of connected transactions under Chapter 14A of the Listing Rules, and these transactions complied with the relevant connected transaction requirements thereunder.

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 2019.

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、從公司關連人士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。本公司進一步確認，本年報中「綜合財務報表附註」一節中附註34中所述的關聯方交易符合上市規則第14A章中關連交易定義，且有關交易符合其在相關關連交易規則下的相關要求。

獨立非執行董事認為，上述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二零一九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' and Controlling Shareholders' interests in contracts of significance

Other than as disclosed under the heading "Continuing connected transactions" in this annual report, no Director or Controlling Shareholder, or an entity connected with a Director or a Controlling Shareholder 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 2019 financial year.

Directors' and Controlling Shareholders' interest in competing business

As at 31 December 2019, 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. There was no forfeited contribution available to reduce the contribution payable under the above schemes.

Corporate governance

Save as disclosed in this annual report, for the year ended 31 December 2019, 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 2019 with the management of the Company and the Company's independent auditors and recommended its adoption by the Board.

董事及控股股東之合約權益

除於本年度報告中「持續關連交易」一段所披露外，二零一九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，無任何董事及控股股東，或與該董事及該控股股東有關聯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

於二零一九年十二月三十一日，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僱員參與多種定額供款退休計劃及為香港僱員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。現並無已沒收的供款可用以削減根據上述計劃應支付的供款。

企業管治

除本年度報告所披露者外，截至二零一九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二零一九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, 31 March 2020

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，二零二零年三月三十一日

Directors and Senior Management

董事及高層管理人員

Directors

During the year under review, 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 姓名	Age 年齡	Position/Title 職位/職銜
Mr. CHEN Qiyuan 陳啟源先生	58	Chairman and Executive Director 主席兼執行董事
Mr. CHEN Zheng He 陳正鶴先生	31	CEO and Executive Director 首席執行官兼執行董事
Mr. WONG Sin Yung 黃善榕先生	65	Chief Financial Officer and Executive Director 首席財務官兼執行董事
Dr. NGAI Wai Fung 魏偉峰博士	58	Independent non-executive Director 獨立非執行董事
Mr. CHEUNG Kin Wing 張建榮先生	65	Independent non-executive Director 獨立非執行董事
Dr. WANG Qi 王琦博士	40	Independent non-executive Director 獨立非執行董事

Executive Directors

Mr. CHEN Qiyuan, aged 58, 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，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，58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 31, 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 and afterwards certain other subsidiaries of the Group 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 65, 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，31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以及隨後擔任本集團個別其他子公司的董事，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，65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)

Independent non-executive Directors

Dr. NGAI Wai Fung (魏偉峰), aged 58, was appointed as an independent non-executive Director of the Company on 10 December 2008. He is the group chief executive officer of SWCS Corporate Services Group (Hong Kong) Limited, a specialty company 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 30 years of professional practice and 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 risk management, regulatory compliance, corporate governance and secretarial work for listed issuers including major red chips companies. Dr. Ngai had led or participated in a number of significant corporate finance projects including listings, mergers and acquisitions as well as issuance of debt securities. He is a member of the General Committee of the Chamber of Hong Kong Listed Companies and has been appointed as a Finance Expert Consultant by the Ministry of Finance of the PRC since 2016. He was the President of Hong Kong Institute of Chartered Secretaries (2014–2015), an unofficial member of the Working Group on Professional Services under the Economic Development Commission of Hong Kong Special Administrative Region (2013–2018) and a member of the Qualification and Examinations Board of the Hong Kong Institute of Certified Public Accountants (2013–2018). Dr. Ngai is currently the independent non-executive director of Bosideng International Holdings Limited (Stock Code: 3998.HK), Powerlong Real Estate Holdings Limited (Stock Code: 1238.HK), Health and Happiness (H&H) International Holdings Limited (Stock Code: 1112.HK), SITC International Holdings Company Limited (Stock Code: 1308.HK), Beijing Capital Grand Limited (Stock Code: 1329.HK), BBMG Corporation (Stock Code: 2009.HK), TravelSky Technology Limited (Stock Code: 696.HK) and China Communications Construction Company Limited (Stock Code: 1800.HK) and also the independent director of LDK Solar Co., Ltd. and SPI Energy Co., Ltd. Apart from LDK Solar Co., Ltd. and SPI Energy Co., Ltd., which are now listed on the OTC Pink Limited Information and Nasdaq respectively, all of which are companies listed on the Hong Kong Stock Exchange and/or the Shanghai Stock Exchange. Dr. Ngai was the independent non-executive director of China Coal Energy Company Limited (Stock Code: 1898.HK) from December 2010 to June 2017, China Railway Group Limited (Stock Code: 390.HK) from June 2014 to June 2017, HKBridge Financial Holdings Limited (Stock Code: 2323.HK) from March 2016 to April 2018 and Yangtze Optical Fibre and Cable Joint Stock Limited Company (Stock Code: 6869.HK) from September 2014 to Jan 2020.

獨立非執行董事

魏偉峰博士，58歲，於二零零八年十二月十日獲委任為本公司獨立非執行董事。魏博士亦為方圓企業服務集團(香港)有限公司集團行政總裁，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，彼出任一家獨立運作綜合企業服務供應商的董事兼上市服務主管。彼擁有超過30年專業執業及高層管理包括執行董事、財務總監及公司秘書經驗，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、內部控制及法規遵循、企業管治及公司秘書方面。魏博士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。彼為香港上市公司商會常務委員會成員，並於二零一六年獲中國財政部委任為會計諮詢專家。魏博士為香港特許秘書公會會長(2014–2015)、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(2013–2018)及香港會計師公會專業資格及考試評議會委員會成員(2013–2018)。魏博士目前為波司登國際控股有限公司(股份代號：3998.HK)、寶龍地產控股有限公司(股份代號：1238.HK)、健合(H&H)國際控股有限公司(股份代號：1112.HK)、海豐國際控股有限公司(股份代號：1308.HK)、首創鉅大有限公司(股份代號：1329.HK)、北京金隅集團股份有限公司(股份代號：2009.HK)、中國民航信息網絡股份有限公司(股份代號：696.HK)及中國交通建設股份有限公司(股份代號：1800.HK)的獨立非執行董事。彼亦為LDK Solar Co., Ltd.及SPI Energy Co., Ltd.的獨立董事。除LDK Solar Co., Ltd.及SPI Energy Co., Ltd.分別於OTC Pink Limited Information及納斯達克上市外，上述公司均於香港聯交所及/或上海證券交易所上市。魏博士曾於二零一零年十二月至二零一七年六月擔任中國中煤能源股份有限公司(股份代號：1898.HK)獨立非執行董事、二零一四年六月至二零一七年六月擔任中國中鐵股份有限公司(股份代號：390.HK)獨立非執行董事、二零一六年三月至二零一八年四月擔任港橋金融控股有限公司(股份代號：2323.HK)獨立非執行董事及二零一四年九月至二零二零年一月擔任長飛光纖光纜股份有限公司(股份代號：6869.HK)獨立非執行董事。

Directors and Senior Management (Continued)

董事及高層管理人員(續)

Dr. Ngai is a fellow of the Association of Chartered Certified Accountants, a member of the Hong Kong Institute of Certified Public Accountants, a fellow of the Chartered Governance Institute (formerly known as 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 the Hong Kong Securities and Investment Institute and a member of the Chartered Institute of Arbitrators. Dr. Ngai received a doctoral degree in Finance from Shanghai University of Finance and Economics, a master's degree in Corporate Finance from the Hong Kong Polytechnic University, a bachelor honor degree in Laws from University of Wolverhampton in the United Kingdom and a master's degree in Business Administration from Andrews University of Michigan in the United States.

Mr. CHEUNG Kin Wing (張建榮先生), aged 65, 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 joined Self Strengthening Service Centre Limited (自強服務中心有限公司), which is a company limited by guarantee and an approved charitable organization, as a director on a voluntary basis with effect from 30 September 2019. 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

魏博士是英國特許公認會計師公會資深會員、香港會計師公會會員、英國特許公司治理公會(原稱為：英國特許秘書及行政人員公會)的資深會員、香港特許秘書公會的資深會員、香港董事學會資深會員、香港證券及投資學會會員及特許仲裁人學會會員。魏博士分別持有上海財經大學金融博士學位，香港理工大學企業融資碩士學位，英國華瑞漢普敦大學榮譽法律學士，美國密歇根州安德魯大學工商管理碩士學位。

張建榮先生，65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。張先生自二零一九年九月三十日起，以義務性質擔任自強服務有限公司的董事，該公司是一家註冊為有限擔保公司及認可慈善機構。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

Directors and Senior Management (Continued)

董事及高層管理人員(續)

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.

Dr. WANG Qi (王琦博士), aged 40, 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.

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。

王琦博士，40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，他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，他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物理學學士學位(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 73 to 171, which comprise the consolidated statement of financial position as at 31 December 2019, 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 2019, 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73至第171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，其中包括於二零一九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二零一九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》的披露要求進行適當編製。

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.

Impairment of trade receivables

Refer to note 21 to the consolidated financial statements.

The key audit matter

關鍵審核事項

As at 31 December 2019, the Group had trade receivables of approximately RMB21,478,000, net of accumulated impairment loss of approximately RMB4,612,000.

於二零一九年十二月三十一日，貴集團貿易應收賬款達約人民幣21,478,000元，累計減值淨額為約人民幣4,612,000元。

Allowance for impairment of trade receivables is based on expected credit losses ("ECL"), which is estimated by taking into account the credit loss experience and forward-looking information including both current and forecast general economic conditions.

貿易應收賬款減值的撥備是基於預期信貸損失（「預期信貸損失」），在考慮了信貸損失經驗和包括了目前的預測的總體經濟狀況後初估算的。

We have identified valuation of trade receivables as a key audit matter because of their significance to the consolidated financial statements and the impairment assessment of trade receivables involved a significant degree of management judgement and subject to management bias.

我們把貿易應收賬款的減值評估確定為關鍵審計事項，因為在貿易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。

貿易應收賬款的評估

參閱綜合財務報表附註21。

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 assumptions and judgements of the Group's ECL on impairment assessment of trade receivables.

我們的審計程序旨在對管理層就貿易應收賬款減值評估預期信貸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 settlements from debtors after year end relating to trade receivables balance as at 31 December 2019 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二零一九年十二月三十一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)

Allowance of inventories

Refer to note 19 to the consolidated financial statements.

The key audit matter

關鍵審核事項

As at 31 December 2019, the Group had inventories of approximately RMB29,382,000, net of accumulated allowance of approximately RMB1,889,000.

於二零一九年十二月三十一日，貴集團存貨達約人民幣29,382,000元，累計淨撥備為約人民幣1,889,000元。

Taking into account of the variety 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 of their significance to the consolidated financial statements and the involvement of significant judgement and estimation on the assessment of the net realisable values with reference to the latest invoice prices and current market conditions.

我們把存貨的減值評估確定為關鍵審核事項，因為它們在綜合財務報表中的重要性，以及參考最新的發票價格和當前的市場條件下，涉及到對可變現淨值的評價的重大判斷和估算。

存貨撥備

參閱綜合財務報表附註19。

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 management's estimations and judgements on the assessment of net realisable value of inventories and identification of obsolete item based on their subsequent usage and selling prices subsequent to the end of the reporting period and current market conditions.

我們設計的審計程序旨在評估管理層對存貨的可變現淨值估計和判斷，根據已報廢項目的後續使用情況進行的識別，以及隨後報告期末的銷售價格和目前的市場狀況。

We have assessed the net realisable value and utilisation of inventories subsequent to the end of the reporting period on a sample basis and discussed with the management in respect of the adequacy of the allowance made based on subsequent usage and sales, ageing analysis and current market conditions. We have also assessed the assumptions and critical judgements used by the management by assessing the reliability of the management's past estimates.

我們通過抽樣及和管理層討論有關基於後期的使用 and 銷售情況，賬齡分析，和目前的市場情況撥備充分性後評估了報告期後的存貨可變現淨值和使用價值的情況。我們也評估了管理層所使用的假設和判斷標準，通過評估管理層的過往評估的可靠性。

Independent Auditor's Report (Continued)

獨立核數師報告(續)

Impairment on property, plant and equipment and right-of-use assets

物業、廠房及設備和使用權資產的減值

Refer to notes 17 and 18 to the consolidated financial statements.

參考綜合財務報表中的附註17和18。

The key audit matter

關鍵審核事項

How the matter was addressed in our audit

在審核中的處理方法

As at 31 December 2019, the Group had property, plant and equipment and right-of-use assets of approximately RMB98,305,000, net of accumulated impairment losses of approximately RMB113,622,000, and RMB30,425,000 respectively.

截止二零一九年十二月三十一日，本集團的物業、廠房及設備和使用權資產約為人民幣98,305,000元，淨累計折舊額分別約為人民幣113,622,000元和人民幣30,425,000元。

We have identified impairment on property, plant and equipment and right-of-use assets as a key audit matter because of their significance to the consolidated financial statements and the determination of the recoverable amount of these assets required significant management judgement relating to items such as level of revenue and amount of operating costs and discount rate.

我們已經確定了物業、廠房及設備和使用權資產作為關鍵審核事項，因為他們對綜合財務報告的重要性，和這些資產的可收回金額的確定需要有關項目諸如收入水平、經營成本金額和折扣率的重大管理判斷。

Our audit procedures were designed to obtain management's assessment and reassess the reasonableness of the selection of valuation model, adoption of key assumptions and input data. In particular, we have tested the future cash flow forecast on whether it is agreed to the budget approved by the board of directors and compared the budget with actual results available up to the report date. We have also reassessed the appropriateness of the assumptions, including the sales growth rates and gross profit margin against latest market expectations.

我們設計的審計程序是為了獲得管理層的評估和採用關鍵假設和輸入數據對估值模型選擇的合理性的再評估。特別是，我們已經測試了未來的現金流預測，董事會是否同意預算的批准並在結果可用到報告日期將預算與實際情況進行了比較。我們也重新評估假設的適當性，包括銷售增長率和毛利率與最新不利的市場預期。

We have also reassessed the discount rate employed in the calculation of value in use by reviewing its basis of calculation and comparing its input data to market sources.

我們通過審閱計算標準和對比其輸入數據和市場資源後，也重新評估了用以計算使用價值的折現率。

As any changes in these assumptions and input to valuation model may result in significant financial impact, we have tested management's sensitivity analysis in relation to the key inputs to the impairment assessment.

由於這些假設和估值模型輸入的任何變化可能會導致產生重大的財務影響，我們已經測試了管理層有關與減值評估的主要輸入有關的敏感性分析。

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

貴公司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。

本公司董事和審核及風險管理委員會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，並負責貴公司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，貴公司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)。除非貴公司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，否則貴公司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.

SHINEWING (HK) CPA Limited

Certified Public Accountants

Wong Hon Kei, Anthony

Practising Certificate Number: P05591

Hong Kong

31 March 2020

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。

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

二零二零年三月三十一日

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 2019 截至二零一九年十二月三十一日止年度

		Notes 附註	2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Revenue	營業額	7	258,158	293,922
Cost of sales	銷售成本		(143,137)	(156,425)
Gross profit	毛利		115,021	137,497
Other income	其他收入	8	3,030	3,114
Selling and distribution costs	銷售及分銷成本		(104,724)	(113,360)
Administrative expenses	行政開支		(30,570)	(25,838)
Reversal of impairment losses/(impairment losses) recognised in respect of trade receivables	貿易應收賬款之減值損失回撥/(減值損失確認)	21	4,807	(2,196)
Other expenses	其他開支		(461)	(37)
Operating loss	經營虧損		(12,897)	(820)
Finance costs	財務費用	9	(2,267)	(376)
Loss before taxation	稅前虧損		(15,164)	(1,196)
Income tax credit	所得稅回撥	10	9,064	—
Loss for the year attributable to owners of the Company	本公司擁有人應佔之年內虧損	11	(6,100)	(1,196)
Other comprehensive expense	其他期內全面支出			
<i>Item that will not be reclassified subsequently to profit or loss:</i>	<i>不會被重新分類為損益的項目：</i>			
Exchange differences arising on translation of financial statements from functional currency to presentation currency	因從功能貨幣轉換至記賬本位幣的匯兌差額		(976)	(1,784)
Loss and total comprehensive expense for the year attributable to owners of the Company	本公司擁有人應佔之年內虧損及全面支出總額		(7,076)	(2,980)
Loss per share	每股虧損	14		
Basic	基本		RMB(0.1929) cents 人民幣(0.1929)仙	RMB(0.0378) cents 人民幣(0.0378)仙
Diluted	攤薄		RMB(0.1929) cents 人民幣(0.1929)仙	RMB(0.0378) cents 人民幣(0.0378)仙

Consolidated Statement of Financial Position

綜合財務狀況表

As at 31 December 2019 於二零一九年十二月三十一日

		Notes 附註	2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	17	98,305	115,021
Right-of-use assets	使用權資產	18	30,425	—
			128,730	115,021
Current assets	流動資產			
Inventories	存貨	19	29,382	39,610
Right to returned goods asset	退回存貨之權利	20	2,319	2,392
Trade and other receivables	貿易及其他應收賬款	21	26,053	36,035
Amounts due from related parties	應收關聯方款項	34(a)	1,493	4,706
Deposit with bank	銀行存款	22	—	20,000
Bank balances and cash	銀行結餘及現金	22	102,195	65,483
			161,442	168,226
Current liabilities	流動負債			
Trade and other payables	貿易及其他應付賬款	23	75,676	81,368
Amounts due to related parties	應付關聯方款項	34(a)	47	2,488
Contract liabilities	合約負債	24	10,775	7,587
Refund liabilities	償還負債	25	3,894	4,164
Lease liabilities	租賃負債	18	7,330	—
Bank borrowing	銀行借款	26	9,650	12,550
Income tax payables	應付所得稅		—	9,070
Provision	計提費用	27	338	338
			107,710	117,565
Net current assets	流動資產淨值		53,732	50,661
Total assets less current liabilities	資產淨值		182,462	165,682
Non-current liability	非流動負債			
Lease liabilities	租賃負債	18	23,802	—
Net assets	淨資產		158,660	165,682

Consolidated Statement of Financial Position (Continued)

綜合財務狀況表(續)

As at 31 December 2019 於二零一九年十二月三十一日

		Notes 附註	2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Capital and reserves	股本及儲備			
Share capital	股本	28(a)	277,932	277,878
Reserves	儲備	28(b)	(119,272)	(112,196)
Total equity	權益總額		158,660	165,682

The consolidated financial statements on pages 73 to 171 were approved and authorised for issue by the board of directors on 31 March 2020 and are signed on its behalf by:

第73至171頁面的綜合財務報表經董事會於二零二零年三月三十一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 2019 截至二零一九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	Statutory reserves	Capital reserve	Merger reserve	Translation reserve	Other reserve	Accumulated losses	Total
		股本	股本溢價	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 2018, as originally stated	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	採用國際財務報告準則第9號的調整	—	—	—	—	—	—	—	(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 financial statements from functional currency to presentation currency	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
At 1 January 2019	於二零一九年一月一日	277,878	1,400,650	49,887	2,814	8,468	(32,232)	9,421	(1,551,204)	165,682
Loss for the year	年內虧損	—	—	—	—	—	—	—	(6,100)	(6,100)
Other comprehensive expense for the year	其他全面支出	—	—	—	—	—	—	—	—	—
Exchange differences arising on translation of financial statements from functional currency to presentation currency	海外業務換算之匯兌差異	—	—	—	—	—	(976)	—	—	(976)
Total comprehensive expense for the year	年內全面支出總額	—	—	—	—	—	(976)	—	(6,100)	(7,076)
Effect of share options	股票期權生效	—	—	—	—	—	—	—	—	—
— Shares issue upon exercise (note 28)	— 行使股權 (附註28)	54	1,165	—	(1,165)	—	—	—	—	54
— Lapse	— 失效	—	—	—	(1,649)	—	—	—	1,649	—
At 31 December 2019	於二零一九年十二月三十一日	277,932	1,401,815	49,887	—	8,468	(33,208)	9,421	(1,555,655)	158,660

Consolidated Statement of Cash Flows

綜合現金流量表

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
OPERATING ACTIVITIES	經營活動		
Loss before taxation	稅前虧損	(15,164)	(1,196)
Adjustments for:	就下列作出調整：		
Bank interest income	銀行利息收入	(514)	(448)
Government grants received	政府補助	(1,403)	(1,117)
(Reversal of allowance for inventories)/ allowance for inventories	(存貨跌價準備的回撥)/ 存貨跌價準備	(2,946)	2,220
Depreciation of property, plant and equipment	物業、廠房及設備折舊	20,691	19,787
Depreciation of right-of-use assets	使用權資產折舊	7,708	—
Finance costs	財務費用	2,267	376
(Reversal of impairment loss)/impairment loss recognised in respect of trade receivables	貿易應收款項之減值損失 (撥回)/確認	(4,807)	2,196
Loss on disposals of property, plant and equipment	處置物業、廠房及設備損失	182	37
Write-off of property, plant and equipment	物業、廠房及設備報廢	2	—
Obsolete inventories written-off	逾期存貨報廢	2,547	2,421
Reversal of over provision of other payables	以前年度其他應付款超額 計提之撥回	—	(179)
Operating cash flows before working capital changes	營運資金變動前之經營資金 流量	8,563	24,097
Decrease/(increase) in inventories	存貨減少/(增加)	10,627	(5,976)
Decrease in right to returned goods asset	退回存貨之權利減少	73	6,914
Decrease in trade and other receivables	貿易及其他應收款項減少	14,574	5,642
Decrease in trade and other payables	貿易及其他應付款項減少	(5,692)	(3,041)
(Decrease)/increase in amounts due to related parties	應收關聯方款項 (減少)/增加	(2,441)	1,142
Increase in amounts due from related parties	應付關聯方款項增加	(1,150)	—
Increase/(decrease) in contract liabilities	合約負債增加/(減少)	3,188	(8,649)
Decrease in refund liabilities	償還負債減少	(270)	(12,582)
Cash generated from operations	經營產生的現金流	27,472	7,547
Income tax paid	已付所得稅		
PRC Enterprise Income Tax paid	已付中國企業所得稅	(6)	—
NET CASH FROM OPERATING ACTIVITIES	經營活動產生的現金淨額	27,466	7,547

Consolidated Statement of Cash Flows (Continued)

綜合現金流量表(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
INVESTING ACTIVITIES	投資活動		
Withdrawal of deposit with bank	提取銀行存款	20,000	—
Repayment from related parties	來自關聯方還款	4,363	2,241
Bank interest received	已收銀行利息	729	449
Proceeds from disposals of property, plant and equipment	處置物業、廠房及設備的所得款項	91	38
Purchase of property, plant and equipment	購買物業、廠房及設備	(4,226)	(2,289)
NET CASH FROM INVESTING ACTIVITIES	投資活動產生的現金淨額	20,957	439
FINANCING ACTIVITIES	融資活動		
Repayment of bank borrowing	償還銀行借款	(12,550)	—
Repayment of lease liabilities	償還租賃負債	(7,001)	—
Interest paid	已付利息	(2,267)	(376)
New bank borrowing raised	新增銀行借款	9,650	12,550
Government grants received	收到政府補助金	1,403	1,117
Proceeds from exercise of share options	行使股票期權所得款項	54	—
NET CASH (USED IN)/FROM FINANCING ACTIVITIES	融資活動(所用)/產生的現金淨額	(10,711)	13,291
NET INCREASE IN CASH AND CASH EQUIVALENTS	現金及現金等價物增加淨額	37,712	21,277
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	於年初之現金及現金等價物	65,483	46,050
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	匯率變動影響	(1,000)	(1,844)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, representing bank balances and cash	於年終之現金及現金等價物，即指銀行結存及現金	102,195	65,483

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

1. General

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

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 468 Guanghua 3rd Road, Bawang Industrial Complex, 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.

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The consolidated financial statements are presented in Renminbi (“RMB”), which is the functional currency of the principal subsidiaries of the Group where the primary economic environment is in the PRC. Other than the subsidiaries established in the PRC which functional currencies are RMB, the functional currency of the Company and other subsidiaries is Hong Kong dollars (“HK\$”).

1. 一般資料

霸王國際(集團)控股有限公司(「本公司」)於開曼群島註冊成立為獲豁免的有限公司並且在香港聯合交易所有限公司(「聯交所」)上市。其直接母公司為在英屬處女群島(「英屬處女群島」)註冊的Fortune Station Limited(「Fortune Station」)，其股份受益人(1) Heroic Hour Limited擁有49.57%，該公司的22.00%股權由本公司之執行董事及首席執行官陳正鶴先生實益持有，而餘下之78.00%則由陳正鶴先生之六位弟妹實益持有；及(2)本公司的董事會主席陳啟源先生擁有50.43%(「董事」)。

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。

本集團每一個實體的財務報表所列項目均使用該實體所處的主要經濟環境的貨幣(「功能貨幣」)來計量。綜合財務報表以人民幣(「人民幣」)表示，人民幣是本集團主要子公司在中國的主要經濟環境下的功能貨幣。除在中國境內設立的以人民幣為記賬本位幣的子公司外，本公司及其他子公司的記賬本位幣為港幣(「港幣」)。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019 截至二零一九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 issued by the International Accounting Standards Board (the “IASB”) and the IFRS Interpretations Committee (“IFRIC”) of the IASB.

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

The adoption of IFRS 16 resulted in the changes in the Group’s accounting policies and adjustments to the amounts recognised in the consolidated financial statements as 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16號	租賃
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
國際財務報告準則第9號之修訂本	預付特性與負補償
國際會計準則第19號之修訂本	計劃修改、縮減或結算
國際會計準則第28號之修訂本	聯營公司和合資企業的長期權益
國際財務報告準則之修訂本	國際財務報告準則之年度改進(二零一五年至二零一七年週期)

應用國際財務報告準則第16號引起本集團會計政策和在綜合財務報表中確認的調整金額列示如下：

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以前年度的財務表現及狀況及／或綜合財務報表當中所載披露並無重大影響。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019 截至二零一九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)

Impacts on adoption of IFRS 16 Leases

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

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

The Group as lessee

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as “operating leases” under the principles of IAS 17 *Leases* (except for lease of low value assets and lease with remaining lease term of twelve months or less). These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of 1 January 2019. The weighted average lessee’s incremental borrowing rate applied to the lease liabilities on 1 January 2019 was ranged from 4.8% to 5.0%.

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)

應用國際財務報告準則第16號租賃的影響

國際財務報告準則第16號對租賃會計處理引入了新的或經修訂的規定。它通過消除經營租賃和融資租賃之間的區別，要求對所有租賃(短期租賃和低價值資產租賃除外)確認資產使用權和租賃負債，對承租人的會計核算產生重大變化。與承租人會計核算相反，出租人會計的要求基本保持不變。這些新會計政策的細節詳見附註3。本集團以修訂式追溯應用法採納國際財務報告準則第16號租賃，而首次應用的累計影響作為二零一九年一月一日權益期初結餘的調整(如適用)，惟按該準則特定過渡性條文所允許，並無在報告期間重列比較數字，和繼續依照國際會計準則第17號租賃而編製。

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

本集團作為承租人

在採用國際財務報告準則第16號時，本集團確認與先前根據國際會計準則第17號租賃原則列為「經營租賃」的租賃有關的租賃負債(低價值資產租賃及剩餘租期不超過12個月的租賃除外)。這些負債是按剩餘租賃付款的現值計算的，以承租人截至二零一九年一月一日的增量借款進行利率貼現。二零一九年一月一日適用於租賃負債的加權平均承租人增量借款利率為4.8%到5.0%之間。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019 截至二零一九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)

Impacts on adoption of IFRS 16 Leases (Continued)

The Group as lessee (Continued)

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

			Carrying amount previously reported at 31 December 2018 截至二零一八年十二月三十一日的賬面金額	Impact on adoption of IFRS 16 應用國際財務報告準則第16號的影響	Carrying amount as restated at 1 January 2019 截至二零一九年一月一日的賬面金額
	Note 附註	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
Right-of-use assets			—	38,133	38,133
Lease liabilities			—	38,133	38,133

Note:

(a) As at 1 January 2019, right-of-use assets were measured at an amount equal to the lease liability of approximately RMB38,133,000.

The Group recognises right-of-use assets and measures them at an amount equal to the lease liabilities. The transition to IFRS 16 had no impact on the accumulated losses at 1 January 2019.

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)

應用國際財務報告準則第16號租賃的影響(續)

本集團作為承租人(續)

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

附註：

(a) 截至二零一九年一月一日，使用權資產按等同於租賃負債的金額計量為約人民幣38,133,000元。

本集團確認使用權資產，並且以等同於租賃負債的金額計量他們。向國際財務報告準則第16號的過渡對二零一九年一月一日的累計虧損沒有產生影響。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019 截至二零一九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)

Impacts on adoption of IFRS 16 Leases (Continued)

Differences between operating lease commitments as at 31 December 2018, the date immediately preceding the date of initial application, discounted using the incremental borrowing rate, and the lease liabilities recognised as at 1 January 2019 are as follows:

		RMB'000 人民幣千元
Operating lease commitments disclosed as at 31 December 2018	於二零一八年十二月三十一日披露的經營租賃承擔	17,156
Less: Short-term leases and other leases with remaining lease term ended on or before 31 December 2019	減：短期租賃和剩餘租期二零一九年十二月三十一日或之前屆滿的其他租賃	(14)
Add: Extension option reasonably certain to be exercised	加：合理地確定要執行的租賃期延申	25,914
Discounted using the incremental borrowing rate at 1 January 2019	以二零一九年一月一日的增量借款利率貼現	(4,923)
Lease liabilities recognised as at 1 January 2019	於二零一九年一月一日確認的租賃負債	38,133
Analysed as	分析按	
Current portion	流動部分	7,001
Non-current portion	非流動部分	31,132
		38,133

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

- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases.
- the exclusion of initial direct costs for the measurement of the right-of-use assets at the date of initial application.
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

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)

應用國際財務報告準則第16號租賃的影響(續)

於二零一八年十二月三十一日(緊接首次應用日期之日)使用增量借款利率貼現的經營租賃承擔於二零一九年一月一日確認的租賃負債之間的差額如下：

		RMB'000 人民幣千元
Operating lease commitments disclosed as at 31 December 2018	於二零一八年十二月三十一日披露的經營租賃承擔	17,156
Less: Short-term leases and other leases with remaining lease term ended on or before 31 December 2019	減：短期租賃和剩餘租期二零一九年十二月三十一日或之前屆滿的其他租賃	(14)
Add: Extension option reasonably certain to be exercised	加：合理地確定要執行的租賃期延申	25,914
Discounted using the incremental borrowing rate at 1 January 2019	以二零一九年一月一日的增量借款利率貼現	(4,923)
Lease liabilities recognised as at 1 January 2019	於二零一九年一月一日確認的租賃負債	38,133
Analysed as	分析按	
Current portion	流動部分	7,001
Non-current portion	非流動部分	31,132
		38,133

於首次應用國際財務報告準則第16號之日，本集團在適用情況下已採用以下該準則所允許的實際權宜法：

- 截至二零一九年一月一日，剩餘租期不足12個月的經營性租賃的會計處理為短期租賃。
- 在首次執行日將初始直接費用排除在使用權資產的計量外。
- 使用後見之明，例如，在合同包含延長或終止租賃的全責全時確定租賃期限。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019 截至二零一九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 that have been issued but are not yet effective:

IFRS 17	Insurance Contracts ²
Amendments to IFRS 3	Definition of a Business ⁴
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to IAS 1	Classification of Liabilities as Current and Non-current ⁵
Amendments to IAS 1 and IAS 8	Definition of Material ¹
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform ¹
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting ¹

¹ Effective for annual periods beginning on or after 1 January 2020

² The new standard is currently mandatorily effective for annual periods beginning on or after 1 January 2021, however in March 2020, IASB deferred the effective date for annual period beginning on or after 1 January 2023

³ Effective for annual periods beginning on or after a date to be determined

⁴ Effective for business combination and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020

⁵ Effective for annual periods beginning on or after 1 January 2022

The Directors anticipate that the application of 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

本集團並未提早採納以下已頒佈但尚未生效的新訂及經修訂國際財務報告準則及詮釋：

國際財務報告準則 第17號	保險合同 ²
國際財務報告準則 第3號修訂本	業務的定義 ⁴
國際財務報告準則 第10號及國際會計準則第28號修訂本	投資者與其聯營公司或合資公司之間的資產銷售或注資 ³
國際會計準則 第1號修訂本	流動負債及非流動負債的分類 ⁵
國際會計準則 第1號及國際會計準則第8號修訂本	重大的定義 ¹
國際財務報告準則 第9號、國際會計準則第39號及國際財務報告準則第7號修訂本	利率基準改革 ¹
二零一八年財務報告概念框架	經修訂財務報告概念框架 ¹

¹ 二零二零年一月一日或之後開始之年度期間生效

² 新準則目前對二零二一年一月一日或之後的年度期間內強制生效，但在二零二零年三月，國際會計準則理事會將其生效日期推遲至二零二三年一月一日或之後的年度期間

³ 生效日期尚未確定

⁴ 適用於收購日期在自二零二零年一月一日起或之後的首個年度期初之後的企業合併和資產收購

⁵ 二零二二年一月一日或之後開始之年度期間生效

本公司董事預期，應用新訂及經修訂國際財務報告準則將不會對本集團業績及財務狀況產生重大影響。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

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 and by the Hong Kong Companies Ordinance.

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)

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。

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 2019 截至二零一九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

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

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 2019 截至二零一九年十二月三十一日止年度

3. Significant Accounting Policies (Continued)

Revenue recognition (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)

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或一組商品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 2019 截至二零一九年十二月三十一日止年度

3. Significant Accounting Policies (Continued)

Revenue recognition (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 at the point when control of the products has transferred, being when the products are delivered to the customers 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)

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，要麼顯示淨合約負債。

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，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。

退貨權利

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 2019 截至二零一九年十二月三十一日止年度

3. Significant Accounting Policies (Continued)

Leasing

Policy applicable on or after 1 January 2019

Definition of a lease

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

The Group as lessee

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

Lease liabilities

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

3. 主要會計政策(續)

租賃

於二零一九年一月一日或之後政策應用

租賃的定義

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

本集團作為承租人

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

租賃負債

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

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

3. Significant Accounting Policies (Continued)

Leasing (Continued)

Policy applicable on or after 1 January 2019 (Continued)

Lease liabilities (Continued)

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

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

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

3. 主要會計政策(續)

租賃(續)

於二零一九年一月一日或之後政策應用(續)

租賃負債(續)

在計算包括租賃款項的租賃負債時包括的租賃付款額：

- 固定的租賃付款額(包括實質固定付款)，減去可收回的租賃激勵；
- 根據指數或利率而定的可變租賃付款額，根據最初使用開始日期的指數或費率來計量；
- 承租人在剩餘價值擔保下應支付的金額；
- 購股權的行使價，前提是承租人有合理的把握行使購股權；和
- 終止租賃的罰金，如果租賃期限反映了集團行使終止租賃的選擇權。

租賃負債在簡明綜合財務報表中單獨列示。

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

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

3. Significant Accounting Policies (Continued)

Leasing (Continued)

Policy applicable on or after 1 January 2019 (Continued)

Right-of-use assets

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

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses. They are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

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

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

Policy applicable prior to 1 January 2019

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)

租賃(續)

於二零一九年一月一日或之後政策應用(續)

使用權資產

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

使用權資產按成本減去累計折舊和減值損失後的價值重新計量。使用權資產按租期和相關資產的可使用年限內較短者折舊。折舊自租賃生效之日起計算。

本集團在簡明綜合財務報表中單獨列有使用權資產的項目。

本集團應用國際會計準則第36號，以確定資產使用權是否減值，並已確認任何的減值損失。

於二零一九年一月一日或之前政策應用

當租賃實質上轉讓了擁有人的所有風險和報酬到承租人，租賃被分類為融資租賃，所有其他的租賃被分類為經營租賃。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

3. Significant Accounting Policies (Continued)

Leasing (Continued)

Policy applicable prior to 1 January 2019 (Continued)

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as prepaid lease payments in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

3. 主要會計政策(續)

租賃(續)

於二零一九年一月一日或之後政策應用(續)

本集團作為承擔人

經營租賃付款額在租賃期內以直線法確認費用。

租賃土地和建築物

當一個租賃包括土地和建築要素,本集團評估每個要素的分類作為一個融資或經營租賃分別基於評估實質上是否已將與每個要素所有權相關的所有風險和報酬轉移到集團,除非顯然這兩個要素都是經營租賃,在這種情況下,整個租賃被歸類為經營租賃。具體而言,最低租賃付款額(包括任何一次性預付款項)是在土地和建築要素之間按租賃開始時土地要素和建築要素租賃權益的相對公允價值比例進行分配的。

在租賃款項的分配能夠可靠進行的情況下,作為經營租賃的租賃土地利息在綜合財務報表中以預付租賃款項的形式列示,並在租賃期內以直線法攤銷。當土地和建築要素之間無法可靠地分配租金時,整個租賃一般被歸類為融資租賃,並作為物業、廠房和設備進行核算。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

3. Significant Accounting Policies (Continued)

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.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's 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.

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.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3. 主要會計政策(續)

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(即該實體運營的主要經濟環境的貨幣)以外幣(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。

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)。否則收入及開支項目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。

借款成本

可直接歸屬於購買、建造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。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

3. Significant Accounting Policies (Continued)

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.

Short-term and other long-term employee benefits

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

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.

3. 主要會計政策(續)

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「強積金計劃」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。

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。

有關短期僱員福利的負債確認，於提供服務期間按預期就服務所支付的福利未折現金額予以計量。

稅項

所得稅支出指應繳即期稅項及遞延稅項之總和。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

3. Significant Accounting Policies (Continued)

Taxation (Continued)

The tax currently payable is based on taxable profit for the year. Taxable loss differs from loss 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.

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.

3. 主要會計政策(續)

稅項(續)

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。

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。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

3. Significant Accounting Policies (Continued)

Taxation (Continued)

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.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 Income Taxes requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

Current and deferred tax are recognised in profit or loss.

Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Ownership interests in leasehold land and buildings

For payments of ownership interest of properties which includes both leasehold land and building elements, the entire property is presented as property, plant and equipment of the Group when the payments cannot be allocated reliably between the leasehold land and building elements.

3. 主要會計政策(續)

稅項(續)

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。

為計量本集團確認使用權資產及相關租賃負債的租賃交易的遞延所得稅,集團首先確定稅收減免是否歸屬於使用權資產或是租賃負債。

對於因租賃負債而導致稅收減免的租賃交易,本集團對使用權資產和租賃負債分別適用國際會計準則第12號所得稅要求。有關資產使用權和租賃負債的暫時性差異,在初步確認時及超過租賃期,因申請初步確認豁免而不予確認。

即期及遞延所得稅項於損益中確認。

物業、廠房及設備

物業、廠房及設備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。

租賃土地和建築物的所有權權益

對於包括租賃土地和建築要素在內的財產所有權權益的支付,當在租賃土地和建築要素之間無法可靠分配時,整個物業以集團的物業、廠房和設備的形式列示。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

3. Significant Accounting Policies (Continued)

Property, plant and equipment (Continued)

Ownership interests in leasehold land and buildings (Continued)

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(續)

租賃土地和建築物的所有權權益(續)

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審查，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。此時，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於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 2019 截至二零一九年十二月三十一日止年度

3. Significant Accounting Policies (Continued)

Research and development expenditure

Expenditure on research 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 statement of financial position.

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綜合財務狀況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 2019 截至二零一九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, except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. 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.

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. Financial assets are classified, at initial recognition, as subsequently measured at amortised cost.

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.

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，但因初始計量根據國際財務報告準則15號合約客戶而產生的貿易應收賬款除外。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)。

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。金融資產在初始確認時分類，隨後按攤餘成本計量。

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。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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
- 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 ("ECL"), 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 ECL, to the amortised cost of the debt instrument on initial recognition.

3. 主要會計政策(續)

金融工具(續)

金融資產(續)

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
- 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 2019 截至二零一九年十二月三十一日止年度

3. Significant Accounting Policies (Continued)

Financial instruments (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.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

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)

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賬面價值的實際利率計算。

對於已購買或者以發行的信貸減值的金融資產，本集團以應用經信貸調整後的實際利率與由初始確認起金融資產的攤銷成本之比確認利息收入。計算不會恢復到總基礎上，即使信貸風險的金融資產隨後改善以致於後期不再有信貸減值。

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 2019 截至二零一九年十二月三十一日止年度

3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets

The Group recognises a loss allowance for ECL on investments in debt instruments that are measured at amortised cost. The amount of ECL 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 ECL 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)

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貸損失。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個月預期信貸損失的損失備抵額，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貸損失。對使用期預期信貸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 2019 截至二零一九年十二月三十一日止年度

3. Significant Accounting Policies (Continued)

Financial instruments (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. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's operations.

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;
- significant deterioration in external market indicators of credit risk for a particular debtor, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- 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;

3. 主要會計政策(續)

金融工具(續)

金融資產(續)

信貸風險顯著增加

在評估信貸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。前瞻性信息考慮包括集團債務人所在行業未來前景的運營,以及考慮各種外部實際資源和有關集團運營的經濟預測信息。

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;
- 針對特別債務人的信貸風險的外部市場指標明細惡化,例如,一項信貸差價的顯著增加,債務人信貸違約互換的價格,或期限加長或者延長至一項金融資產的公允價值已顯著低於其攤餘成本;
- 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;

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Significant increase in credit risk (Continued)

- 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.

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 is no past due amounts.

3. 主要會計政策(續)

金融工具(續)

金融資產(續)

信貸風險顯著增加(續)

- 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貸風險顯著增加的；
- 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。

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貸風險較低，則該金融工具的信貸風險自最初確認以來沒有顯著增加。確定一個金融工具信貸風險較低，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」，則該金融資產的信貸風險較低。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。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Significant increase in credit risk (Continued)

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.

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.

3. 主要會計政策(續)

金融工具(續)

金融資產(續)

信貸風險顯著增加(續)

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。

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。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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;
- 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.

Measurement and recognition of ECL

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

3. 主要會計政策(續)

金融工具(續)

金融資產(續)

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；
- 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。

註銷政策

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，集團會註銷一項金融資產，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，註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。

預期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。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Measurement and recognition of ECL (Continued)

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the 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.

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.

3. 主要會計政策(續)

金融工具(續)

金融資產(續)

預期信貸損失的計量和確認(續)

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，其金額相當於使用期預期信貸損失，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。

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。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Derecognition of financial assets (Continued)

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.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

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, are subsequently measured at amortised cost using the effective interest method.

3. 主要會計政策(續)

金融工具(續)

金融資產(續)

終止確認金融資產(續)

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。

金融負債及權益工具

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。

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。

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。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities subsequently measured at amortised cost (Continued)

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.

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).

3. 主要會計政策(續)

金融工具(續)

金融負債及權益工具(續)

金融負債持續以攤銷成本計量(續)

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(包括已轉移的非現金資產或已承擔的負債)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)。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019 截至二零一九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法在歸屬期間費用化，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(如有)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 2019 截至二零一九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.

4. Critical Accounting Judgement and 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 judgement, 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)

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(或現金產生單位)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過往年度該資產(或現金產生單位)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。

4. 關鍵會計判斷和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、收入和支出報告及綜合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 2019 截至二零一九年十二月三十一日止年度

4. Critical Accounting Judgement and 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.

Critical judgement in applying accounting policies

The following is the critical judgement, apart from those involving estimations (see below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised and disclosures made in the consolidated financial statements.

Determination of lease term

Lease liability is initially recognised at the present value of the lease payments payable over the lease term. In determining the lease term for leases that include renewal or termination options exercisable by the Group, the Group evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the Group to exercise the option, including favourable terms, leasehold improvements undertaken and the importance of that underlying asset to the Group's operations. The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Group's control. Any increase or decrease in the lease term would affect the amount of lease liabilities and right-of-use assets recognised in future years.

4. 關鍵會計判斷和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)。

在應用會計政策時的關鍵判斷

下面是關鍵性的判斷，除在應用集團會計政策的過程中涉及那些董事作出的估計(見下文)以及在金額確認上和對綜合損益表中的披露有重大影響。

租賃期限的確認

租賃負債最初以資產的現值確認租賃期內應付的租金。在本集團決定包括續約或終止選擇的可實行的租賃期限時，本集團評估產生行使或放棄續租和提前終止選擇權的經濟動機的所有相關事實和情況來行使權限，包括優惠條款，已進行的租賃改善及其對集團運營基礎資產的重要性。租賃期限被重新再評估當發生重大事件或本集團裏的控制環境的重大變化。租賃期限的任何增加或減少將會影響租賃負債和使用權資產未來金額的確認。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

4. Critical Accounting Judgement and Key Sources of Estimation Uncertainty (Continued)

Key sources of estimation uncertainty

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 of trade receivables is 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, existing market conditions of the industry in which the debtors operated 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. At 31 December 2019, the carrying amount of trade receivables was approximately RMB21,478,000 (2018: RMB30,653,000), net of allowance for impairment of trade receivables of approximately RMB4,612,000 (2018: RMB10,590,000). During the year ended 31 December 2019, a reversal of impairment loss of trade receivables of approximately RMB4,807,000 (2018: impairment loss: RMB2,196,000) was recognised.

4. 關鍵會計判斷和估計不確定因素之主要來源(續)

估計不確定因素之主要來源

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貸損失的假設。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併報表中追加減值費用。於二零一九年十二月三十一日，應收賬款賬面價值約為人民幣21,478,000元(二零一八年：人民幣30,653,000元)，應收賬款減值準備淨額約人民幣4,612,000元(二零一八年：人民幣10,590,000元)。截至二零一九年十二月三十一日止年度內，確認並撥回了約人民幣4,807,000元的貿易應收款項減值損失(二零一八年：減值損失：人民幣2,196,000元)。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

4. Critical Accounting Judgement and Key Sources of Estimation Uncertainty (Continued)

Allowance of inventories

The Group makes the allowance for inventories based on assessments of the net realisable value and ageing analysis of inventories and makes allowance for obsolete and slow-moving items identified that are no longer suitable for sale. The Group makes allowance for inventories based on the assessment of the net realisable value. The management estimates the net realisable value for inventories based primarily on the latest invoice prices and current market conditions. As at 31 December 2019, the carrying amount of inventories was approximately RMB29,382,000 (2018: RMB39,610,000), net of accumulated allowance of approximately RMB1,889,000 (2018: RMB4,835,000). During the year ended 31 December 2019, obsolete inventories written-off and reversal of allowance for inventories of approximately RMB2,547,000 (2018: RMB2,421,000) and RMB2,946,000 (2018: allowance for inventories of RMB2,220,000) were recognised, respectively.

Impairment on property, plant and equipment and right-of-use assets

In considering the impairment losses that may be required for certain property, plant and equipment and right-of-use assets, 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 these assets 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 2019, the carrying values of property, plant and equipment and right-of-use assets were approximately RMB98,305,000 (2018: RMB115,021,000), net of accumulated impairment losses of approximately RMB113,622,000 (2018: RMB113,622,000) and RMB30,425,000 (1 January 2019: RMB38,133,000) respectively. No impairment losses were recognised for property, plant and equipment and right-of-use assets for the current year (2018: nil).

4. 關鍵會計判斷和估計不確定因素之主要來源(續)

存貨撥備

本集團根據對存貨可變現淨值的評估和存貨的老化分析，對存貨進行備抵，並對已確定不再適合銷售的過時和滯銷項目進行備抵。本集團根據對可變現淨值的評估，為存貨撥備減值。管理層主要根據最新的發票價格和當前的市場狀況來估計存貨的可變現淨值。截至二零一九年十二月三十一日，存貨賬面價值約人民幣29,382,000元(二零一八年：人民幣39,610,000元)，扣除累計撥備淨值約人民幣1,889,000元(二零一八年：人民幣4,835,000元)。截至二零一九年十二月三十一日止年度內，分別確認了約人民幣2,547,000元(二零一八年：人民幣2,421,000元)的逾期存貨報廢和2,946,000元(二零一八年：存貨減值約人民幣2,220,000元)的存貨減值準備撥回。

物業、廠房及設備和使用權資產減值

考慮物業、廠房及設備和使用權資產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根據的假設及預測作出的估計。於二零一九年十二月三十一日，物業、廠房及設備和使用權資產之賬面值約為人民幣98,305,000元(二零一八年：人民幣115,021,000元)，已扣除累計減值虧損分別約為人民幣113,622,000元(二零一八年：人民幣113,622,000元)和人民幣30,425,000元(二零一九年一月一日：人民幣38,133,000元)無物業、廠房及設備及使用權資產被確認減值損失(二零一八年：無)。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

4. Critical Accounting Judgement and Key Sources of Estimation Uncertainty (Continued)

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 2019, the carrying amount of property, plant and equipment was approximately RMB98,305,000 (2018: RMB115,021,000). Depreciation of approximately RMB20,691,000 (2018: RMB19,787,000) has been recognised for the current year.

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. 關鍵會計判斷和估計不確定因素之主要來源(續)

預計物業、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。本集團將物業、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。截至二零一九年十二月三十一日，物業、廠房和設備賬面價值約人民幣98,305,000元(二零一八年：人民幣115,021,000元)。折舊約人民幣20,691,000元(二零一八年：人民幣19,787,000元)於本年度被確認。

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 2019 截至二零一九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.

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. Financial Instruments

(a) Categories of financial instruments

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Financial assets	金融資產		
At amortised cost (including cash and cash equivalents)	攤餘成本(包括現金和現金等價物)	124,437	116,942
Financial liabilities	金融負債		
At amortised cost	攤餘成本	82,140	89,002

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 2019 截至二零一九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 2% (2018: 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

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2%(二零一八年：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 2019 截至二零一九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:

		Assets		Liabilities	
		資產		負債	
		2019	2018	2019	2018
		二零一九年	二零一八年	二零一九年	二零一八年
		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	99	76	7,907	6,896
HK\$	港元	423	7	1,730	—
United States dollars ("USD")	美元 (「美元」)	931	50	—	—

In the opinion of the Directors, no sensitivity analysis is presented because the risk is considered insignificant.

Interest rate risk

As at 31 December 2019 and 2018, the Group is exposed to cash flow interest rate risk in relation to bank balances (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.

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負債於呈報期末之賬面價值如下：

根據董事們的意見，因為風險被認為不重要，故概無呈列敏感度分析。

利率風險

於二零一九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。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019 截至二零一九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 (Continued)

As at 31 December 2019, the Group is also exposed to fair value interest rate risk in relation to fixed-rate bank borrowing (see note 26) (2018: fixed rate deposit with bank (see note 22) and fixed-rate bank borrowing (see note 26)). In the opinion of the Directors, no sensitivity analysis is presented because the risk is considered insignificant.

Credit risk

As at 31 December 2019, 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 bank balances and cash. 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(續)

於二零一九年十二月三十一日，本集團面對公允價值利率風險關於銀行借款(見附註26)(二零一八年：銀行存款固定利率(見附註22)以及銀行借款固定利率(見附註26))。鑒於該風險較小，故概無呈列敏感度分析。

信貸風險

於二零一九年十二月三十一日，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。

本集團之信貸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 2019 截至二零一九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)

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 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.

For non trade-related amounts due from related parties, the Group has assessed whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime rather than 12-month ECL.

Management considered that other receivables 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 assigned by international credit-rating agencies or with good reputation.

6. 金融工具(續)

(b) 金融風險管理目標及政策(續)

信貸風險(續)

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使用期預期信貸損失的減值準備。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貸損失。在這方面，董事們認為集團的信貸風險大大降低。

對於應收關聯方非貿易款項，本集團評估了自初始確認以來，信貸風險是否顯著增加。如果信貸風險顯著增加，本集團將根據使用期而非12個月的預期信貸損失來計量損失備抵額。

管理層認為應收關聯方款項的信貸風險較低，因此在年內確認的減值準備只限於12個月的預期信貸損失。

由於交易方為具有高信貸評級之銀行，因其由國際信用評級機構或有良好信譽的機構指派，故流動資金之信貸風險有限。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019 截至二零一九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 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
- 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
- actual or expected significant changes in the operating results of the borrower
- significant changes in the expected performance and behavior of the borrower, including changes in the payment status of borrowers in the Group and changes in the operating results of the borrower.

6. 金融工具(續)

(b) 金融風險管理目標及政策(續)**信貸風險(續)**

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，信貸風險是否持續顯著增加。為評估信貸風險是否顯著增加，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
- 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
- 債務人運營結果中的實際或預期的重大變化。
- 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借款人經營業績的變化。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019 截至二零一九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

The Group's current credit risk grading framework comprises the following categories:

Category 分類	Description 描述	Basis for recognising ECL 確慮預期信貸虧損的基準
Performing	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)	12-month ECL
履行	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(作為階段1參考)	12個月預期信貸虧損
Doubtful	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)	Lifetime ECL — not credit-impaired
呆賬	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(作為階段2參考)	使用期預期信貸虧損 — 未發生信貸減值
Default	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)	Lifetime ECL — credit impaired
違約	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(作為階段3參考)	使用期預期信貸虧損 — 已發生信貸減值
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off
撇銷	有證據顯示債務人面臨嚴重財務困且本集團認為不可能收回有關賬款	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)

集團信貸風險之披露

本集團現時的信貸風險評級架構如下列項目：

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019 截至二零一九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.

	Notes	Internal credit rating	12-month or lifetime ECL	2019 二零一九年			2018 二零一八年		
				Gross carrying amount	Loss allowance	Net carrying amount	Gross carrying amount	Loss allowance	Net carrying amount
	附註	內部信用評級	12個月或使用期預期信貸虧損	賬面價值總額 RMB'000 人民幣千元	減值準備 RMB'000 人民幣千元	賬面淨值 RMB'000 人民幣千元	賬面價值總額 RMB'000 人民幣千元	減值準備 RMB'000 人民幣千元	賬面淨值 RMB'000 人民幣千元
Trade receivables	21	Note	Lifetime ECL (not credit impaired)	26,090	(4,612)	21,478	41,243	(10,590)	30,653
貿易應收款		附註	使用期預期借貸虧損(未發生信貸減值)						
Amounts due from related parties	34(a)	Performing	12-month ECL	343	—	343	94	—	94
應收關聯方		履行	12個月預期信貸虧損						
Other receivables	21	Performing	12-month ECL	421	—	421	712	—	712
其他應收款		履行	12個月預期信貸虧損						
Deposit with bank	22	Performing	12-month ECL	—	—	—	20,000	—	20,000
銀行存款		履行	12個月預期信貸虧損						
Bank balances	22	Performing	12-month ECL	102,195	—	102,195	65,483	—	65,483
銀行餘額		履行	12個月預期信貸虧損						
				129,049	(4,612)	124,437	127,532	(10,590)	116,942

Note: The Group has applied simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Details are set out in note 21.

附註：本集團已應用簡化的國際財務報告準則9號來計量使用期預期借貸虧損下的減值損失。詳情載列於附註21。

6. 金融工具(續)

(b) 金融風險管理目標及政策(續)

信貸風險(續)

集團信貸風險之披露(續)

下表詳列了本集團金融資產信用質量和本集團最大披露之按信貸風險等級評定信貸風險。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019 截至二零一九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)

As at 31 December 2019, the Group's concentration of credit risk by geographical location is mainly in the PRC, which accounted for 98% (2018: 96%) of the total trade receivables.

As at 31 December 2019, the Group has concentration of credit risk, as 23% (2018: 7%) of the total trade receivables, which was due from the Group's 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.

6. 金融工具(續)

(b) 金融風險管理目標及政策(續)

信貸風險(續)

集團信貸風險之披露(續)

本集團按地理位置劃分，信貸風險主要集中於中國，於二零一九年十二月三十一日，這部分應收賬款總額佔98% (二零一八年：96%)。

於二零一九年十二月三十一日，本集團五大客戶集中信貸風險佔總的貿易應收款為23% (二零一八年：7%)。

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。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019 截至二零一九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)

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities and lease liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities and lease liabilities based on the earliest date on which the Group can be required to pay. The maturity dates 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)

流動性風險(續)

下表詳列本集團之非衍生金融負債和租賃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和租賃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。

		On demand or within one year 按要求或 一年內 RMB'000 人民幣千元	2-5 years 二至五年 RMB'000 人民幣千元	Over 5 years 超過五年 RMB'000 人民幣千元	Total undiscounted cash flows 未折現 現金流總額 RMB'000 人民幣千元	Carrying amount 賬面價值 RMB'000 人民幣千元
At 31 December 2019	於二零一九年 十二月三十一日					
Non-derivative financial liabilities	非衍生金融負債					
Trade and other payables	貿易及其他應付款項	72,443	—	—	72,443	72,443
Amounts due to related parties	應付關聯方款項	47	—	—	47	47
Bank borrowing	銀行借款	9,672	—	—	9,672	9,650
		82,162	—	—	82,162	82,140
Lease liabilities	租賃負債	8,668	25,315	390	34,373	31,132

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019 截至二零一九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)

		Total undiscounted cash flows due on demand or within one year 未折現現金或 一年內按要求 償還流量總計 RMB'000 人民幣千元	Carrying amount 賬面值 RMB'000 人民幣千元
At 31 December 2018	於二零一八年十二月三十一日		
Non-derivative financial liabilities	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	應付關聯方款項	2,488	2,488
Bank borrowing	銀行貸款	12,868	12,550
		89,320	89,002

(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 2019 and 2018 approximate their fair values due to the short maturities.

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 undiscounted cash flows due on demand or within one year 未折現現金或 一年內按要求 償還流量總計 RMB'000 人民幣千元	Carrying amount 賬面值 RMB'000 人民幣千元
At 31 December 2018		
Non-derivative financial liabilities		
Trade and other payables	73,964	73,964
Amounts due to related parties	2,488	2,488
Bank borrowing	12,868	12,550
	89,320	89,002

(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二零一九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。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

7. Revenue and Segment Information

Revenue represents revenue arising on sales of goods, net of discounts and sales related taxes. An analysis of the Group's revenue for the year is as follows.

7. 營業額及分部資料

營業額是指扣除折扣和銷售相關稅金後的銷售收入，集團年度營業額分析如下：

	2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by major products		
Manufacturing and sales of the household and personal care products		
Hair-care products	234,142	267,398
Skin-care products	1,798	4,355
Other household and personal care products	22,218	22,169
	258,158	293,922

Disaggregation of revenue from contracts with customers by timing of recognition

按合約收入的確認時間分類

	2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Timing of revenue recognition		
At a point in time	258,158	293,922

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 types of goods delivered. 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.

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，着重於所交付貨品的類型。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。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

7. Revenue and Segment Information (Continued)

Disaggregation of revenue from contracts with customers 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

Operating segment including manufacture and sale of other household and personal care products have been aggregated into a single reporting segment after taking into account that none of which are of a sufficient size to be reported separately.

The CODM is provided with segment information concerning segment revenue and result. No analysis of segment assets or segment liabilities is presented as they are not regularly provided to the CODM.

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)

按合約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

經營分部包括其他家庭和個人護理產品的生產和銷售，在考慮到沒有一個足夠規模的分部可以單獨報告後，已合並為一個單獨的報告分部。

主要運營決策者定期獲提供有關分部收入和分部業績的信息，由於分部資產和分部負債信息不會定期向主要運營決策者提供，因此沒有對它們進行分析。

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	
		2019	2018	2019	2018	2019	2018	2019	2018
		二零一九年	二零一八年	二零一九年	二零一八年	二零一九年	二零一八年	二零一九年	二零一八年
		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	銷售於外部客戶	234,142	267,398	1,798	4,355	22,218	22,169	258,158	293,922
Segment (loss)/profit	分部(虧損)/盈利	(5,179)	10,338	94	90	(7,885)	(10,237)	(12,970)	191
Bank interest income	銀行利息收入							514	448
Other income	其他收入							2,248	2,217
Corporate and other unallocated expenses	總部未分配之其他開支							(4,371)	(3,676)
Finance costs	財務費用							(585)	(376)
Loss before taxation	稅前虧損							(15,164)	(1,196)

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019 截至二零一九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)

Segment revenue and results (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 earned by/(loss) from each segment without allocation of bank interest income, gain on sales of scrap materials, government grants, net foreign exchange losses/(gains), central administrative costs, directors' emoluments and interest on bank borrowing. This is the measure reported to the executive directors of the Company for the purposes of resource allocation and performance assessment.

Upon application of IFRS 16, depreciation of right-of-use assets and interest on lease liabilities are now included in the measure of segment result during the year ended 31 December 2019. Comparative information is not restated.

Other segment information

分部營業額及業績(續)

各營業部門的會計政策與本集團在附註3中描述的會計政策相同。分部結果代表每個分部獲得的利潤/(虧損)，不包括銀行利息收入、銷售廢料的收益、政府補助、淨匯兌損失/(收益)、中央管理成本、董事薪酬及銀行借款利息。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。

根據國際財務報告準則16號，截至二零一九年十二月三十一日止年度內，使用權資產的折舊和租賃負債的利息現在包括在分部結果的計量中。不再重述比較信息。

其他分部資料

		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	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Amounts included in the measure of segment results	計算分部結果時已計入款項								
Additions to property, plant and equipment	物業、廠房及設備增加	3,833	2,178	29	48	364	194	4,226	2,420
Depreciation of property, plant and equipment	物業、廠房及設備折舊	18,766	17,797	144	398	1,781	1,592	20,691	19,787
Depreciation of right-of-use assets	使用權資產折舊	6,991	—	54	—	663	—	7,708	—
Interest on lease liabilities	租賃負債利息	1,525	—	12	—	145	—	1,682	—
Loss on disposals of property, plant and equipment	處置物業、廠房及設備的損失	165	33	1	1	16	3	182	37
Write-off of property, plant and equipment	報廢物業、廠房及設備的損失	2	—	—	—	—	—	2	—
(Reversal of impairment loss)/impairment loss recognised in respect of trade receivables	(減值損失撥回)/減值損失確認的貿易應收賬款減值損失	(4,340)	1,998	(33)	33	(434)	165	(4,807)	2,196
(Reversal of allowance for inventories)/allowance for inventories	存貨減值(回撥)/計提	(2,672)	2,018	(20)	33	(254)	169	(2,946)	2,220
Obsolete inventories written-off	逾期存貨報廢	2,310	2,203	18	36	219	182	2,547	2,421
Amounts regularly provided to the CODM but not included in the measure of segment results	定期提供給主要運營決策者的金額，但不包括於分部業績的計量中								
Interest on bank borrowing	銀行貸款利息	—	—	—	—	—	—	585	376
Bank interest income	銀行利息收入	—	—	—	—	—	—	(514)	(448)

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019 截至二零一九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 and right-of-use assets.

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資產實際所在位置(如屬物業、廠房和設備及使用權資產)而釐定。

		Revenue from external customers		Non-current assets	
		來自外部客戶的收入		非流動資產	
		2019	2018	2019	2018
		二零一九年	二零一八年	二零一九年	二零一八年
		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
The PRC (country of domicile)	中國(所在國家)	255,134	286,832	127,747	113,918
Hong Kong	香港	2,336	3,310	983	1,103
Singapore	新加坡	—	1,704	—	—
Thailand	泰國	236	858	—	—
Malaysia	馬來西亞	452	1,218	—	—
Total	總計	258,158	293,922	128,730	115,021

Information about major customers

Details of the customer contributing over 10% of total revenue of the Group are as follows:

主要客戶訊息

對本集團貢獻超過10%營業額的客戶信息列示如下：

		2019	2018
		二零一九年	二零一八年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Customer A*	客戶A*	30,157	N/A**

* Revenue from segment of hair-care products

* 來自於分部護髮產品的收入

** The corresponding revenue does not contribute over 10% of total revenue of the Group.

** 對應的營業額並無貢獻本集團超過10%的營業額

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

8. Other Income

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Bank interest income	銀行利息收入	514	448
Gain on sales of scrap materials	處置廢料收益	845	1,100
Government grants (note (a))	政府補助金(附註(a))	1,403	1,117
Reversal of over provision of other payables	其他應付賬款的超額計提 之回撥	—	179
Others	其他	268	270
		3,030	3,114

Note:

- (a) Included in the amount of government grants recognised during the year ended 31 December 2019 of approximately RMB1,403,000 (2018: RMB1,117,000) 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.

8. 其他收入

附註：

- (a) 截至二零一九年十二月三十一日止年度內，錄得政府補助金額約為人民幣1,403,000元(二零一八年：約人民幣1,117,000元)，該金額是中國政府就關於某些研究項目達到發放標準而發放的，並於該兩年度直接確認為其他收入。

9. Finance Costs

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Interest on:	利息：		
Bank borrowing	銀行貸款	585	376
Lease liabilities	租賃負債	1,682	—
		2,267	376

9. 財務費用

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

10. Income Tax Credit

10. 所得稅回撥

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
PRC Enterprise Income Tax ("EIT")	中國企業所得稅(「企業所得稅」)		
— Current year	— 本年度	6	—
— Over provision in prior years (note (d))	— 以前年度超額撥備(附註(d))	(9,070)	—
		(9,064)	—

- (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.

Pursuant to circular issued by Ministry of Finance and National Tax Bureau on 17 January 2019, the small-scaled minimal profit enterprise with an annual taxable income below RMB1,000,000 (RMB1,000,000 included) is entitled to a preferential tax treatment of 75% exemption of taxable income and application of income tax rate as 20% from 1 January 2019 to 31 December 2021. Certain PRC subsidiaries of the Group were qualified during the year.

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 since 2009. However, Bawang Guangzhou did not have any assessable profits subject to EIT for the years ended 31 December 2019 and 2018.

- (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%。

根據二零一九年一月十七日財政部和國家稅務局通知，年應納稅所得額人民幣1,000,000元(含人民幣1,000,000元)以下的小型微利企業，從二零一九年一月一日至二零二一年十二月三十一日，享受應納稅所得額75%免徵，稅率20%的稅收優惠。本集團內某些國內子公司於年度取得該資格。

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」)自二零零九年起被認定為高新技術企業。然而，截至二零一九年及二零一八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。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

10. Income Tax Credit (Continued)

- (b) No provision for Hong Kong Profits Tax has been provided for the years ended 31 December 2019 and 2018 as the Group did not have any assessable profits subject to Hong Kong Profits Tax for the years ended 31 December 2019 and 2018.
- (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 years ended 31 December 2019 and 2018.
- (d) Based on the facts and circumstances and an independent tax consultant report obtained by the Directors in current year, the Group concluded that there is an over provision of EIT in prior years and credited in profit or loss for the year ended 31 December 2019.

Income tax credit 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. 所得稅回撥(續)

- (b) 截至二零一九年及二零一八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，本集團無須為截至二零一九年及二零一八年十二月三十一日止年度繳納開曼群島及英屬處女群島的任何稅項。
- (d) 基於事實與情況以及董事們獲得的一份獨立稅務顧問諮詢報告，本集團回撥以前年度存在超額計提中國企業所得稅，且將其計入截至二零一九年十二月三十一日年度的損益中。

年內稅項與綜合損益表之稅前虧損對賬如下：

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Loss before taxation	稅前虧損	(15,164)	(1,196)
Tax calculated at the domestic income tax rate of 25% (2018: 25%)	按本地所得稅稅率25%計算之稅項(二零一八年: 25%)	(3,791)	(299)
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	2,951	710
Tax effect of expenses not deductible for tax purpose	不可扣減費用之稅務影響	2,905	351
Tax effect of income not taxable for tax purpose	毋須課稅收入之稅務影響	(4,171)	(286)
Tax effect of tax losses not recognised	未確認稅務虧損之稅務影響	5,427	2,343
Income tax on concessionary rate	優惠稅率所得稅	(7)	—
Utilisation of deductible temporary differences not recognised	動用可抵扣的未確認的暫時性差異	(3,308)	(2,819)
Over provision in prior years	以前年度超額撥備	(9,070)	—
Income tax credit for the year	年度所得稅回撥	(9,064)	—

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

10. Income Tax Credit (Continued)

As at 31 December 2019, the Group has unused estimated tax losses of approximately RMB327,667,000 (2018: RMB293,284,000) and RMB35,161,000 (2018: RMB33,546,000) for certain subsidiaries in the PRC and Hong Kong respectively. The tax losses incurred by the subsidiaries incorporated in the PRC (except for HNTE) 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. With effective from 1 January 2018, the tax losses incurred by HNTE will expire in ten years from the year in which the loss originated. No tax losses have expired during the years ended 31 December 2019 and 2018. No deferred tax asset had been recognised as at 31 December 2019 and 2018 in respect of the estimated tax losses due to the unpredictability of future profit streams.

As at 31 December 2019, the Group has deductible temporary differences of approximately RMB363,821,000 (2018: RMB385,874,000). 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.

10. 所得稅回撥(續)

截至二零一九年十二月三十一日，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327,667,000元(二零一八年：人民幣293,284,000元)和人民幣35,161,000元(二零一八年：人民幣33,546,000元)。在中國境內註冊的子公司(高新科技企業除外)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。從二零一八年一月一日起，高新科技企業產生的稅收損失將在其產生當年起10年內到期。截至二零一九年和二零一八年十二月三十一日止年度內，沒有任何稅收損失已經到期。截至二零一九年和二零一八年十二月三十一日，由於未來利潤流的不可預測性，尚未確認遞延稅項資產的預估稅收損失。

截至二零一九年十二月三十一日，本集團可扣除暫時性差異約人民幣363,821,000元(二零一八年：人民幣385,874,000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。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

11. Loss for the Year

11. 年內虧損

Loss for the year has been arrived at after charging/(crediting):

年內虧損已扣除/(計入)下列項目：

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Auditor's remuneration	核數師酬金	1,100	1,040
Cost of inventories recognised as an expense (note (a))	確認為開支之存貨成本 (附註(a))	143,536	151,784
Depreciation of property, plant and equipment	物業、廠房及設備折舊	20,691	19,787
Depreciation of right-of-use assets	使用權資產折舊	7,708	—
Loss on disposals of property, plant and equipment	處置物業、廠房及設備的損失	182	37
Write-off of property, plant and equipment	報廢物業、廠房及設備	2	—
Net foreign exchange losses/(gains)	匯兌虧損/(收益)淨額	242	(845)
Research and development costs recognised as an expense	確認為開支之研發成本	14,323	12,789
Staff costs (note (b))	僱員成本(附註(b))	54,721	47,654
(Reversal of allowance for inventories)/ allowance for inventories (included in cost of inventories recognised as an expense)	(存貨跌價準備之回撥)/計提 存貨跌價準備(包括在確認為 費用的存貨成本中)	(2,946)	2,220
Obsolete inventories written-off (included in cost of inventories recognised as an expense)	逾期存貨報廢(包括在確認為 費用的存貨成本中)	2,547	2,421

Notes:

(a) Cost of inventories recognised as an expense included depreciation of property, plant and equipment, depreciation of right-of-use assets and staff costs of approximately RMB16,954,000 (2018: RMB18,052,000), RMB7,708,000 (2018: nil) and RMB17,002,000 (2018: RMB13,875,000) respectively. The amounts were also included in the respective amounts disclosed above.

(b) Staff costs included redundancy costs of RMB1,154,000 for the year ended 31 December 2019 (2018: RMB2,033,000).

附註：

(a) 確認為開支之存貨成本包括物業、廠房及設備折舊、使用權資產折舊及僱員成本分別約為人民幣16,954,000元(二零一八年：約人民幣18,052,000元)、約人民幣7,708,000元(二零一八年：無)及約人民幣17,002,000元(二零一八年：約人民幣13,875,000元)。以上金額均已分別包含在以上披露金額中。

(b) 截至二零一九年十二月三十一日止年度，僱員成本包括遣散費用約人民幣1,154,000元(二零一八年：約人民幣2,033,000元)。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

12. Staff Costs

12. 僱員成本

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Staff costs (including directors' and chief executive's emoluments) comprise:	僱員成本(包括董事及最高行政人員的最高酬金):		
Salaries, allowances and benefits	薪金、津貼及福利	49,459	42,976
Contributions to retirement benefits schemes (note 33)	退休福利計劃供款(附註33)	4,108	2,645
Termination benefits	辭退福利	1,154	2,033
		54,721	47,654

13. Dividends

No dividend was paid or proposed for the year ended 31 December 2019 (2018: nil), nor has any dividend been proposed since the end of the reporting period (2018: nil).

13. 股息

截至二零一九年十二月三十一日止年度並無派付或擬派任何股息(二零一八年:無),自呈報期間後亦無擬派任何股息(二零一八年:無)。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

14. Loss Per Share

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Loss	虧損		
Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share	用以計算本公司擁有人年度應佔每股基本及攤薄虧損的虧損	(6,100)	(1,196)
		2019 二零一九年 '000 千股	2018 二零一八年 '000 千股
Number of shares	股份數目		
Weighted average number of ordinary shares for the purpose of basic loss per share	用以計算每股基本虧損的加權平均普通股數量	3,162,289	3,161,811
Effect of dilutive potential ordinary shares: Share options	攤薄潛在普通股的影響：期權	N/A	N/A
Weighted average number of ordinary shares for the purpose of diluted loss per share	以每股攤薄虧損為目的的加權平均普通股數	3,162,289	3,161,811

Diluted loss per share was the same as the basic loss per share as there were no potential dilutive ordinary shares outstanding during the year ended 31 December 2019. For the year ended 31 December 2018, the computation of diluted loss per share did 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

本公司擁有人應佔之每股基本及攤薄每股虧損根據以下數據計算。

由於在截至二零一九年十二月三十一日止年度沒有潛在的攤薄普通流通股，因此每股攤薄虧損與每股基本虧損相同。截至二零一八年十二月三十一日止年度，攤薄每股虧損的計算沒有假定公司股票期權的行使，因為行使股票期權將會導致每股虧損減少。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

15. Directors' and Chief Executive's Emoluments 15. 董事及最高行政人員酬金

The emoluments paid or payable to each of the six (2018: six) directors and the chief executive were as follows:

已付或應付六名(二零一八年: 六名)董事及最高行政人員之酬金如下:

For the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

		Executive directors 執行董事			Independent non-executive directors 非執行董事			
		Mr. CHEN Chiyuan (Chairman) 陳啟源先生 (主席)	Mr. CHEN Zheng He (Chief Executive) 陳正鶴先生 (首席 執行官)	Mr. WONG Sin Yung 黃善榕先生	Dr. NGAI Wai Fung 魏偉峰博士	Mr. CHEUNG Kin Wing 張建榮先生	Dr. WANG Qi 王琦博士	Total 合計
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiaries	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	—	—	—	263	176	176	615
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	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							
Other emoluments	其他酬金							
Salaries	薪金、津貼	—	127	1,056	—	—	—	1,183
Contributions to retirement benefits schemes	退休福利計劃供款	—	6	16	—	—	—	22
Total emoluments	合計酬金	—	133	1,072	263	176	176	1,820

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019 截至二零一九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 2018

	Executive directors 執行董事			Independent non-executive directors 非執行董事			Total	
	Mr. CHEN Qiyuan (Chairman) 陳啟源先生 (主席) RMB'000 人民幣千元	Mr. CHEN Zheng He (Chief Executive) 陳正鶴先生 (首席 執行官) RMB'000 人民幣千元	Mr. WONG Sin Yung 黃善榕先生 RMB'000 人民幣千元	Dr. NGAI Wai Fung 魏偉峰博士 RMB'000 人民幣千元	Mr. CHEUNG Kin Wing 張建榮先生 RMB'000 人民幣千元	Dr. WANG Qi 王琦博士 RMB'000 人民幣千元 (note (a)) (附註(a))		
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiaries	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
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	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							
Other emoluments	其他酬金							
Salaries	薪金、津貼	—	127	1,058	—	—	—	1,185
Contributions to retirement benefits schemes	退休福利計劃供款	—	6	16	—	—	—	22
Total emoluments	合計酬金	—	133	1,074	251	167	125	1,750

Note:

(a) Appointed on 17 April 2018.

There was no discretionary bonus provided to the Directors for the years ended 31 December 2019 and 2018.

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 2019 (2018: nil).

附註:

(a) 該董事於二零一八年四月十七日任職。

於二零一九年和二零一八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。

截至二零一九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(二零一八年：無)。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019 截至二零一九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, one (2018: four) was Directors whose emolument is included in the disclosures in note 15 above. The emoluments of the remaining four (2018: one) individual were as follows:

	2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Salaries, allowances and benefits 薪金、津貼及福利	1,651	169
Contributions to retirement benefits schemes 退休福利計劃供款	160	8
	1,811	177

Their emoluments were all within nil to HK\$1,000,000, equivalent to approximately RMB880,000 (2018: equivalent to approximately RMB882,000).

During the years ended 31 December 2019 and 2018, 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. 僱員薪酬

五位最高薪酬人士中，一位(二零一八年：四位)為董事，其薪酬於以上附註15披露。有關其他四名(二零一八年：一位)薪酬人士的薪酬詳情如下：

其薪酬全部介乎零至港幣1,000,000元大約等於人民幣880,000元(二零一八年：大約等於人民幣882,000元)。

於截至二零一九年及二零一八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(包括董事及僱員)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 2019 截至二零一九年十二月三十一日止年度

17. Property, Plant and Equipment

17. 物業、廠房及設備

		Land and buildings	Machinery	Leasehold improvements	Motor vehicles	Office equipment and others	Display furniture	Bearer plants	Immature bearer plants	Construction in progress	Total
		土地和建築物	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
COST	成本										
At 1 January 2018	於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 and 1 January 2019	於二零一八年十二月三十一日及二零一九年一月一日	5,494	126,068	198,837	12,146	21,823	937	43	795	10,465	376,608
Exchange realignment	匯兌調整	—	—	—	173	—	—	—	—	—	173
Additions	添置	—	55	2,861	—	968	—	—	342	—	4,226
Disposals	出售	—	(1,343)	—	(70)	(59)	—	—	—	—	(1,472)
Write off	報廢	—	—	—	—	(24)	—	—	—	—	(24)
At 31 December 2019	於二零一九年十二月三十一日	5,494	124,780	201,698	12,249	22,708	937	43	1,137	10,465	379,511
ACCUMULATED DEPRECIATION AND IMPAIRMENT	累計折舊										
At 1 January 2018	於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 and 1 January 2019	於二零一八年十二月三十一日及二零一九年一月一日	2,061	83,222	135,652	10,948	18,860	856	23	—	9,965	261,587
Exchange realignment	匯率調整	—	—	—	149	—	—	—	—	—	149
Depreciation provided for the year	年內折舊撥備	247	2,253	17,055	437	697	—	2	—	—	20,691
Eliminated on disposals	出售時對銷	—	(1,083)	—	(63)	(53)	—	—	—	—	(1,199)
Write off	報廢	—	—	—	—	(22)	—	—	—	—	(22)
At 31 December 2019	於二零一九年十二月三十一日	2,308	84,392	152,707	11,471	19,482	856	25	—	9,965	281,206
CARRYING VALUES	賬面值										
At 31 December 2019	於二零一九年十二月三十一日	3,186	40,388	48,991	778	3,226	81	18	1,137	500	98,305
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

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019 截至二零一九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:

Land and buildings 土地和建築物	Over the shorter of term of the lease or 20 years 租期較短或20年
Machinery 機器	15 years 15年
Leasehold improvements 經營租賃改良支出	Over the shorter of term of the lease or 10 years 租期較短或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.

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(如有)後以下列預計可使用年期按直線法計算。

Over the shorter of term of the lease or 20 years 租期較短或20年
15 years 15年
Over the shorter of term of the lease or 10 years 租期較短或10年
5–8 years 5–8年
5 years 5年
2 years 2年
3–25 years 3–25年

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. Leases

(i) Right-of-use assets

	As at 31 December 2019 於二零一九年 十二月三十一日 RMB'000 人民幣千元	As at 1 January 2019 於二零一九年 一月一日 RMB'000 人民幣千元
Buildings 建築物	30,425	38,133

The Group has lease arrangements for buildings. The lease terms are generally ranged from one to thirty years. None of the leases include variable lease payments.

18. 租賃

(i) 使用權資產

As at 31 December 2019 於二零一九年 十二月三十一日 RMB'000 人民幣千元	As at 1 January 2019 於二零一九年 一月一日 RMB'000 人民幣千元
30,425	38,133

本集團有建築物的租賃安排。租賃期限一般為1年至30年。這些租賃都不包括可變的租賃付款。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

18. Leases (Continued)

(ii) Lease liabilities

		As at 31 December 2019	As at 1 January 2019
		於二零一九年 十二月三十一日	於二零一九年 一月一日
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Non-current	非流動	23,802	31,132
Current	流動	7,330	7,001
		31,132	38,133
			As at 31 December 2019
			於二零一九年 十二月三十一日
			RMB'000
			人民幣千元
Within one year	一年內		7,330
After one year but within two years	一年以上兩年以內		7,690
After two years but within five years	兩年以上五年以內		15,830
After five years	五年以上		282
			31,132
Less: amount due for settlement within 12 months (shown under current liabilities)	減：12個月內應付款項(列於流動負債 項下)		(7,330)
Amount due for settlement after 12 months	12個月後到期的應付款項		23,802

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

18. Leases (Continued)

(iii) Amounts recognised in profit or loss

Depreciation on right-of-use assets	使用權資產折舊	7,708
Interest expenses on lease liabilities	租賃負債利息支出	1,682
Expenses relating to short-term leases	短期租賃相關費用	56

(iv) Others

During the year ended 31 December 2019, the total cash outflow for leases amount to approximately RMB8,739,000.

18. 租賃(續)

(iii) 確認為損益之金額

2019
二零一九年
RMB'000
人民幣千元

(iv) 其他

截至二零一九年十二月三十一日止年度內，租賃的現金流出總額約為人民幣8,739,000元。

19. Inventories

Raw materials	原材料	11,771	11,781
Work-in-progress	在製品	2,244	3,105
Finished goods	製成品	6,923	12,713
Packing materials and consumable goods	包裝材料及消耗品	8,444	12,011

29,382

39,610

During the year ended 31 December 2019, certain slow-moving inventories, of which allowance was made previously over their net realisable values, were consumed and/or sold as scrap materials. As a result, a reversal of allowances for inventories of approximately RMB2,946,000 (2018: nil) had been recognised and included in cost of sales.

19. 存貨

2019
二零一九年
RMB'000
人民幣千元

2018
二零一八年
RMB'000
人民幣千元

截至二零一九年十二月三十一日止年度內，某些滯銷庫存(其中的以前備抵額超過了它們的可變現淨值)被消耗和/或作為廢料出售。因此，約人民幣2,946,000元(二零一八年：無)的存貨跌價準備已被確認撥回並計入銷售成本。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

20. Right to Returned Goods Asset

20. 退回貨物之權利

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Right to returned goods asset	退回貨物之權利	2,319	2,392

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。

21. Trade and Other Receivables

21. 貿易及其他應收款項

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 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	26,090	41,243
Less: allowance for impairment of trade receivables	減：貿易應收款項減值準備	(4,612)	(10,590)
		21,478	30,653
Prepayment for purchase of raw materials	購買原材料預付款	2,103	2,888
Other prepayments	其他預付款項	1,940	1,589
Non-income tax receivables	非所得稅應收款	111	193
Other receivables	其他應收款	421	712
		26,053	36,035

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019 截至二零一九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.

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Less than 3 months	少於3個月	18,990	23,614
More than 3 months but less than 6 months	多於3個月但少於6個月	2,165	4,073
More than 6 months but less than 12 months	多於6個月但少於12個月	323	2,966
		21,478	30,653

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtors' current financial positions adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operated and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

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。以下為於各報告期末根據接近收入確認日期的發票日期呈列的應收貿易賬款(經扣除應收貿易賬款虧損撥備)的賬齡分析。

本集團計算的貿易應收款項損失備抵額相等於使用期預期信貸損失。應收貿易賬款的預期信貸損失使用撥備矩陣並參考債務人的過往拖欠記錄及債務人的目前財務狀況分析而作出估計，並就債務人的特定因素、債務人經營所在行業的整體經濟情況及對於報告日期的當前情況及對未來情況預測的評估作出調整。

在本報告所述期間，評估方法或作出的重大假設方面沒有改變。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

21. Trade and Other Receivables (Continued)

As the trade receivables related to a number of customers with common risk characteristics and the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The Group recognises lifetime ECL for trade receivables based on past due status of customers collectively that are not individually significant as follows:

21. 貿易及其他應收款項(續)

由於交易應收賬款涉及多個具有常見風險特徵的客戶，且本集團的歷史信貸損失經驗並不表明不同客戶群體的損失模式存在顯著差異，基於過去逾期狀態的損失備抵沒有進一步區分集團的不同客戶群。

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，確認使用期預期信貸損失如下：

As at 31 December 2019	於二零一九年十二月三十一日	Weighted average expected loss rate 加權平均 預期損失率 %	Gross carrying amount 賬面價值 總額 RMB'000 人民幣千元	Loss allowance 減值準備 RMB'000 人民幣千元
Less than 3 months	少於3個月	1.60%	19,299	309
More than 3 months but less than 6 months	多於3個月但少於6個月	23.57%	2,833	668
More than 6 months but less than 12 months	多於6個月但少於12個月	50.34%	650	327
More than 12 months	多於12個月	100%	3,308	3,308
			26,090	4,612

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

21. Trade and Other Receivables (Continued)

21. 貿易及其他應收款項(續)

As at 31 December 2018	於二零一八年十二月三十一日	Weighted average expected loss rate 加權平均預期損失率 %	Gross carrying amount 賬面價值 總額 RMB'000 人民幣千元	Loss allowance 減值準備 RMB'000 人民幣千元
Less than 3 months	少於3個月	3.13%	24,376	762
More than 3 months but less than 6 months	多於3個月但少於6個月	15.55%	4,823	750
More than 6 months but less than 12 months	多於6個月但少於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

The movements in the allowance for impairment of trade receivables are set out below:

貿易應收款項減值損失撥備的變動情況如下：

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
At 1 January	於一月一日	10,590	6,810
Effect on adoption of IFRS 9	採用國際財務報告準則第9號的影響	—	1,584
At 1 January, as restated	於一月一日，如重列	10,590	8,394
Written off as uncollectible (note (a))	撇銷無法收回款項(附註(a))	(1,171)	—
Impairment loss (reversed)/recognised	減值損失(回撥)/確認	(4,807)	2,196
At 31 December	於十二月三十一日	4,612	10,590

Note:

- (a) The Group writes off trade receivables where there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, whichever occurs earlier.

附註：

- (a) 如果有信息表明，集團將撇銷貿易應收款項債務人存在財政困難，沒有可收回的現實前景例如債務人已被清盤或已進入破產程序(以較早者為準)。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

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 (2019: nil), carried interest at a fixed rate of 1.75% (2019: nil) per annum.

Bank balances and cash

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

23. Trade and Other Payables

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(二零一九年：無)，於二零一九年五月到期，固定年利率為1.75%(二零一九年：無)。

銀行結存及現金

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

23. 貿易及其他應付款項

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Trade payables	貿易應付款項	32,561	29,612
Payable for acquisition of property, plant and equipment	應付物業、廠房及設備購置費用	1,933	1,933
Promotion fee payables	應付推廣費用	8,250	14,535
Accrued payroll	應付工資	1,902	1,213
Non-income tax payables	非所得稅應付款	3,233	7,404
Other payables and accruals	其他應付款項及預提費用	27,797	26,671
		75,676	81,368

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

23. Trade and Other Payables (Continued)

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Within 1 month or on demand	1個月內或按要求	25,195	24,492
After 1 month but within 3 months	1個月後但於3個月內	7,366	5,120
		32,561	29,612

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.

23. 貿易及其他應付款項(續)

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：

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Within 1 month or on demand	1個月內或按要求	25,195	24,492
After 1 month but within 3 months	1個月後但於3個月內	7,366	5,120
		32,561	29,612

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。

24. Contract Liabilities

Advances received to deliver goods	發出貨物預收款	10,775	7,587
------------------------------------	---------	--------	-------

The significant change in contract liabilities in 2019 was mainly due to more sales orders were received from retailers.

Revenue recognised during the year ended 31 December 2019 that was included in the contract liabilities as at 1 January 2019 is RMB7,587,000 (2018: RMB16,236,000). There was no revenue recognised in the current year that related to performance obligations that were satisfied in a prior year.

24. 合約負債

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Advances received to deliver goods	發出貨物預收款	10,775	7,587

二零一九年合約負債的顯著變化主要是由於從零售商處接到更多的銷售訂單。

截至二零一九年十二月三十一日止，確認的營業額包括了截止二零一九年一月一日的合約負債人民幣7,587,000元(二零一八年：人民幣16,236,000元)。概無與上一年度履行的履行義務有關的營業額在本年度確認收入。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

25. Refund Liabilities

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Refund liabilities	償還負債	3,894	4,164

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.

25. 償還負債

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。

26. Bank Borrowing

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Fixed-rate bank borrowing	固定利率銀行借款	9,650	12,550

Carrying amount repayable (based on scheduled repayment dates set out in the loan agreement):

26. 銀行借款

承付額度(根據貸款協議規定的計劃還款日期):

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Within one year	一年內	9,650	12,550

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

26. Bank Borrowing (Continued)

Notes:

- (a) As at 31 December 2019, bank borrowing of approximately RMB9,650,000 (2018: RMB12,550,000) bore interest at a fixed rate of 5.22% (2018: 6.09%) per annum and due within one year.
- (b) As at 31 December 2019, bank borrowing was guaranteed by Mr. CHEN Qiyuan and secured by the Group's land and buildings included in property, plant and equipment with carrying amounts of approximately RMB3,186,000 (2018: RMB3,433,000) 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 RMB500,000,000 (2018: RMB67,450,000).

26. 銀行借款(續)

附註：

- (a) 截至二零一九年十二月三十一日止，銀行借款約人民幣9,650,000元(二零一八年：人民幣12,550,000元)，年固定利率為5.22%(二零一八年：6.09%)，一年內到期。
- (b) 截至二零一九年十二月三十一日止，銀行借款由陳啟源先生擔保，並由集團賬面價值為約人民幣3,186,000元(二零一八年：人民幣3,433,000元)的物業、廠房及設備和陳啟源先生的房產做擔保。
- (c) 於呈報期末，本集團未使用的銀行貸款授信額度約為人民幣500,000,000元(二零一八年：人民幣67,450,000元)。

27. Provision

27. 計提準備

		Provision for litigation 訴訟計提費用	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
At 1 January and 31 December	於一月一日和十二月三十一日	338	338

Details of the litigations are set out in note 36.

訴訟詳見附註36。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

28. Share Capital and Reserves

(a) Share capital

		Number of shares	
		股份數目	
		'000	RMB'000
		千股	人民幣千元
Ordinary shares of HK\$0.1 each		每股港元0.10之普通股	
Authorised:		法定普通股：	
At 1 January 2018,	於二零一八年一月一日，二零一八年		
31 December 2018,	十二月三十一日，二零一九年一月		
1 January 2019 and	一日及二零一九年十二月三十一日		
31 December 2019		10,000,000	880,500
Issued and fully paid:		已發行及已付訖普通股：	
At 1 January 2018,	於二零一八年一月一日，二零一八年		
31 December 2018 and	十二月三十一日，二零一九年一月		
1 January 2019	一日	3,161,811	277,878
Exercise of share options (note)	在行使股票期權時發行股票(附註)	630	54
At 31 December 2019	於二零一九年十二月三十一日	3,162,441	277,932

Note: On 29 March 2019, 630,000 share options were exercised at HK\$0.1 each and resulted in the issue of 630,000 ordinary shares of the Company and increase in share capital of HK\$63,000 (equivalent to RMB54,000).

附註：於二零一九年三月二十九日，以每股港幣0.1元行使了630,000份購股權，使得本公司發行了630,000股普通股，增加了港幣63,000元(約合人民幣54,000元)的股本。

All shares issued during the year ended 31 December 2019 rank pari passu with existing shares in all respects.

截至二零一九年十二月三十一日止，所有發行的股票於各方面與現有股票享有同等權益。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019 截至二零一九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) Statutory reserves

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) 法定儲備

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章程設立。轉撥的儲備已獲霸王廣州董事會批准。

霸王廣州及霸王(中國)飲料有限公司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 2019 截至二零一九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) 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) 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 2019 截至二零一九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. During the year ended 31 December 2019, a total of 956,760 share options granted on 8 June 2009 have been lapsed upon the expiry of option period. During the year ended 31 December 2019, other than exercise of the 630,000 options, all the remaining Pre-IPO share options have been lapsed upon the expiry of option period.

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。於截至二零一九年十二月三十一日止年度內，在二零零九年六月八日發放的956,760份購股權已於期權期滿時失效。於截至二零一九年十二月三十一日年度內，除了行使630,000股權期權，所有其他首次公開發售前的股票期權已於期權屆滿之時失效。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019 截至二零一九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 授予日期	Number of instruments 購股權數目	Vesting period 歸屬期	Contractual life of options 購股權合約期	
Options granted to directors 授予董事的購股權	8 June 2009 二零零九年六月八日	1,260,000	1 year from 3 July 2009 二零零九年七月三日起計一年	10 years 十年	
	8 June 2009 二零零九年六月八日	735,000	2 years from 3 July 2009 二零零九年七月三日起計兩年	10 years 十年	
	8 June 2009 二零零九年六月八日	735,000	3 years from 3 July 2009 二零零九年七月三日起計三年	10 years 十年	
	8 June 2009 二零零九年六月八日	735,000	4 years from 3 July 2009 二零零九年七月三日起計四年	10 years 十年	
	8 June 2009 二零零九年六月八日	735,000	5 years from 3 July 2009 二零零九年七月三日起計五年	10 years 十年	
	8 June 2009 二零零九年六月八日	1,669,920	1 year from 3 July 2009 二零零九年七月三日起計一年	10 years 十年	
	8 June 2009 二零零九年六月八日	1,868,160	2 years from 3 July 2009 二零零九年七月三日起計兩年	10 years 十年	
	8 June 2009 二零零九年六月八日	2,066,400	3 years from 3 July 2009 二零零九年七月三日起計三年	10 years 十年	
Options granted to employees 授予僱員的購股權	8 June 2009 二零零九年六月八日	2,264,640	4 years from 3 July 2009 二零零九年七月三日起計四年	10 years 十年	
	8 June 2009 二零零九年六月八日	2,462,880	5 years from 3 July 2009 二零零九年七月三日起計五年	10 years 十年	
	Total share options granted 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)

首次公開上市前購股權計劃的具體類別如下：

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019 截至二零一九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 2019 and 2018:

For the year ended 31 December 2019

	Date of grant	Exercisable period	Exercise price	Number of share options			
				Outstanding at 1 January 2019	Exercised during the year	Lapsed during the year	Outstanding at 31 December 2019
	授予日期	可行使期間	行使價	於二零一九年一月一日尚未行使	年內行使	年內失效	於二零一九年十二月三十一日尚未行使
Directors 董事	8 June 2009 二零零九年六月八日	4 July 2014–8 June 2019 二零一四年七月四日至二零一九年六月八日	HK\$0.10 港元0.10	630,000	(630,000)	–	–
Employees 僱員	8 June 2009 二零零九年六月八日	4 July 2014–8 June 2019 二零一四年七月四日至二零一九年六月八日	HK\$1.19 港元1.19	956,760	–	(956,760)	–
Total 合計				1,586,760	(630,000)	(956,760)	–
Exercisable at the end of the year 於年末時可行使							N/A 不適用
Weighted average exercise price 加權平均行使價				HK\$0.76 港元0.76	HK\$0.10 港元0.10	HK\$1.19 港元1.19	N/A 不適用

29. 以股權結算並以股份為基礎的交易(續)

- (b) 下表披露截至二零一九年及二零一八年十二月三十一日止年度董事及僱員持有股權之變動：

截至二零一九年十二月三十一日止年度

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

29. Equity-Settled Share-Based Transactions (Continued)

(b) (Continued)

For the year ended 31 December 2018

	Date of grant	Exercisable period	Exercise price	Number of share options			
				Outstanding at 1 January 2018	Exercised during the year	Lapsed during the year	Outstanding at 31 December 2018
	授予日期	可行使期間	行使價	於二零一八年一月一日尚未行使	年內行使	年內失效	於二零一八年十二月三十一日尚未行使
Directors 董事	8 June 2009 二零零九年六月八日	4 July 2014–8 June 2019 二零一四年七月四日至二零一九年六月八日	HK\$0.10 港元0.10	630,000	—	—	630,000
Employees 僱員	8 June 2009 二零零九年六月八日	4 July 2014–8 June 2019 二零一四年七月四日至二零一九年六月八日	HK\$1.19 港元1.19	1,024,000	—	(67,240)	956,760
Total 合計				1,654,000	—	(67,240)	1,586,760
Exercisable at the end of the year 於年末時可行使							1,586,760
Weighted average exercise price 加權平均行使價				HK\$0.77 港元0.77	N/A 不適用	HK\$1.19 港元1.19	HK\$0.76 港元0.76

The options outstanding at 31 December 2018 had a weighted average remaining contractual life of 0.43 year (2019: nil).

In respect of the share options exercised during the year ended 31 December 2019, the weighted average share price at the date of exercise is HK\$0.167 (equivalent to RMB0.147) (2018: nil).

29. 以股權結算並以股份為基礎的交易(續)

(b) (續)

截至二零一八年十二月三十一日止年度

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(二零一九年度：無)。

於截至二零一九年十二月三十一日止年度內行使的購股權，行使當日的加權平均價為港元0.167(相當於人民幣0.147元)(二零一八年：無)。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019 截至二零一九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 附註	2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Non-current assets	非流動資產			
Unlisted investments in subsidiaries	於非上市附屬公司的投資		—*	—*
Current assets	流動資產			
Other receivables	其他應收款		319	42
Amounts due from subsidiaries	應收附屬公司款項	(a)	7,130	11,925
Bank balances and cash	銀行結存及現金		404	1,247
			7,853	13,214
Current liabilities	流動負債			
Other payables	其他應付款項		1,830	1,748
Amount due to a subsidiary	應付附屬公司款項	(a)	2,768	2,706
Net current assets	流動資產淨額		4,598	4,454
Net assets	資產淨值		3,255	8,760
Capital and reserves	資本及儲備			
Share capital	股本		277,932	277,878
Reserves	儲備	(b)	(274,677)	(269,118)
Total equity	權益總額		3,255	8,760

* Less than RMB1,000

* 該金額低於人民幣1,000元。

Approved by the Board of Directors and are signed on its behalf
by:經董事會批准並由下列人士代為簽
署：

CHEN Qiyuan
陳啟源
(Director) (董事)

CHEN Zheng He
陳正鶴
(Director) (董事)

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

30. Statement of Financial Position of the Company (Continued)

Notes:

- (a) The amount is unsecured, non-interest bearing and repayable on demand. During the years ended 31 December 2019 and 2018, the Directors have performed an impairment assessment based on the expected credit loss model. As at 31 December 2019, the carrying amount of amounts due from subsidiaries was approximately RMB7,130,000 (2018: RMB11,925,000), net of accumulated allowance for impairment loss of approximately RMB1,649,750,000 (2018: RMB1,620,297,000).

- (b) Movements in the reserves during the years are as follows:

30. 本公司財務狀況表(續)

附註：

- (a) 該款項無抵押、免息並按要求償還。截至二零一九年及二零一八年十二月三十一日止年度，董事們根據預期信貸損失模型進行了減值評估。截至二零一九年十二月三十一日止，應收附屬公司賬面金額約為人民幣7,130,000元(二零一八年：人民幣11,925,000元)，扣除累計減值準備約人民幣1,649,750,000元(二零一八年：人民幣1,620,297,000元)。

- (b) 儲備年內變動情況如下：

		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 2018	於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	年內全面支出總額	—	—	(557)	(5,124)	(5,681)
At 31 December 2018 and 1 January 2019	於二零一八年十二月三十一日 及二零一九年一月一日	1,400,650	2,814	(111,054)	(1,561,528)	(269,118)
Total comprehensive expense for the year	年內全面支出總額	—	—	(321)	(5,238)	(5,559)
Effect of share options	購股權的影響					
— Shares issue upon exercise (note 28)	— 行權後發行之股份 (附註28)	1,165	(1,165)	—	—	—
— Lapse	— 失效	—	(1,649)	—	1,649	—
At 31 December 2019	於二零一九年十二月三十一日	1,401,815	—	(111,375)	(1,565,117)	(274,677)

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

31. Lease Commitments

The Group as lessee

		2018 二零一八年 RMB'000 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
Office premises	辦公場所	78
		9,653

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 二零一八年 RMB'000 人民幣千元
Within one year	一年以內	8,683
In the second to fifth year inclusive	第二至第五年(包括首尾兩年在內)	8,038
Over five years	五年以上	435
		17,156

As at 31 December 2018, operating lease payments represented rentals payable by the Group for certain of its production premises and office. Leases were negotiated for average terms ranging from 1 to 30 years. Rentals were fixed over the terms of respective leases.

The Group is the lessee in respect of a number of properties which the leases were previously classified as operating leases under IAS 17. The Group has initially applied IFRS 16 using the modified retrospective approach. Under this approach, the Group adjusted the opening balances at 1 January 2019 to recognise lease liabilities relating to these leases (see note 2). From 1 January 2019 onwards, future lease payments are recognised as lease liabilities in the consolidated statement of financial position in accordance with the policies set out in note 3, and the details regarding the Group's future lease payments are disclosed in note 18.

31. 租約承擔

本集團作為承租人

		2018 二零一八年 RMB'000 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
Office premises	辦公場所	78
		9,653

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：

		2018 二零一八年 RMB'000 人民幣千元
Within one year	一年以內	8,683
In the second to fifth year inclusive	第二至第五年(包括首尾兩年在內)	8,038
Over five years	五年以上	435
		17,156

截至二零一八年十二月三十一日止，經營租賃付款額為本集團為其部分生產場地和辦公室所支付的租金。租賃協議的平均期限從1年到30年不等。租金按有關租約的條款釐定。

本集團是若干物業的承租人，而這些物業的租賃曾根據國際會計準則第17號列為經營租賃。本集團以修訂式追溯應用法採納國際財務報告準則第16號。根據這種方法，該集團於二零一九年一月一日調整了期初餘額，以確認與這些租賃有關的租賃負債(見附註2)。自二零一九年一月一日起，根據附註3所列的政策，未來的租賃付款將在綜合財務狀況報表中確認為租賃負債，有關集團未來租賃付款額的細節將在附註18中披露。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

32. Capital Commitments

32. 資本承擔

	2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 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	343	343

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

33. Retirement Benefit Scheme Contributions

33. 退休福利計劃供款

(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 RMB4,108,000 (2018: RMB2,645,000) represents contributions payable to these plans by the Group at rates specified in the rules of the plans. There was no forfeited contribution under the defined contribution scheme.

(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。每名僱員的供款上限為港元1,500。

本集團除了上述供款計劃，並無其他義務為僱員支付退休及其他退休後福利。

損益表中之總開支約人民幣4,108,000(二零一八年：人民幣2,645,000)，即本集團就該等計劃制定的一定百分比應付之供款，並沒有在界定利益計劃的放棄供款。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

34. Related Party Transactions

(a) Related party balances

Save as disclosed elsewhere in the consolidated financial statements, the following balances were outstanding at the end of the reporting period:

34. 關聯方交易

(a) 關聯方餘額

除綜合財務報表另有披露外，於呈報期末尚未償付之結餘如下：

	Amounts due from/ (to) related parties		Maximum outstanding amount during the year ended 31 December	
	2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Non-trade related				
Guangzhou Xiaoxiao Supply Chain Management Co. Ltd ("Guangzhou Xiaoxiao") (note i)	—	8	8	8
Guangzhou Bawang International Hotel Co., Ltd. ("Guangzhou Bawang International") (note ii)	101	86	101	87
Guangzhou Bawang Cosmetics Co., Ltd. ("Guangzhou Bawang") (note ii)	242	346	346	6,860
Trade related				
Guangzhou Bawang (notes ii and iv)	—	4,266	4,266	—
Guangzhou Chenming Paper Products Company Limited ("Guangzhou Chenming") (notes iii and iv)	1,150	—	1,150	—
	1,493	4,706		
Trade related				
Guangzhou Chenming (notes iii and iv)	—	(2,274)		
Guangzhou Qiancai Packaging Materials Co., Ltd. ("Guangzhou Qiancai") (notes iii and v)	(47)	(214)		
	(47)	(2,488)		

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

34. Related Party Transactions (Continued)

(a) Related party balances (Continued)

Notes:

- (i) Guangzhou Xiaoxiao's sole director was Ms. WAN Yuhua, mother of Mr. CHEN Zheng He, the chief executive officer and executive director of the Company. The balance was unsecured, interest-free and repayable on demand.
- (ii) Guangzhou Bawang International and Guangzhou Bawang were ultimately 100% owned by Mr. CHEN Zheng He. The balance was unsecured, interest-free and repayable on demand.

During the years ended 31 December 2019 and 2018, the management of the Group considered the credit risk of the amounts has not been increased significantly and thus the allowance for impairment recognised during the year was limited to 12-month ECL. As at 31 December 2019 and 2018, the identified impairment loss was immaterial.

- (iii) Guangzhou Chenming and Guangzhou Qiancai were under the control of the close family members of Mr. CHEN Qiyuan, the director and the chairman of the board of directors.
- (iv) As at 31 December 2018, the Group prepaid advertisement charges to Guangzhou Bawang. The credit term granted by Guangzhou Bawang was based on the invoice date. As at 31 December 2018, the amount due from Guangzhou Bawang was unsecured and interest-free.
- (v) As at 31 December 2019, the Group prepaid a trade deposit for purchase of packaging materials to Guangzhou Chenming. The credit term granted by Guangzhou Chenming is based on the invoice date. As at 31 December 2019, the amount due from Guangzhou Chenming was unsecured and interest-free.
- (vi) The credit term granted by Guangzhou Qiancai is 30 days based on the invoice date. As at 31 December 2019 and 2018, the amount due to Guangzhou Qiancai was unsecured, interest-free with 30 days (2018: 30 days) credit term and aged within 30 days (2018: 30 days).

34. 關聯方交易(續)

(a) 關聯方餘額(續)

附註：

- (i) 廣州小小的唯一董事萬玉華女士是本集團首席執行官和執行董事陳正鶴先生的母親。有關結餘無抵押、免息及並按要求償還。
- (ii) 廣州霸王國際和廣州霸王由陳正鶴先生100%最終擁有。有關結餘無抵押、免息及並按要求償還。

截至二零一八年及二零一九年十二月三十一日止年度，本集團管理層認為信貸風險金額一直沒有顯著增加，因此本年度確認的減值準備僅限於12個月的預期信貸風險。於二零一九年和二零一八年十二月三十一日，確認的減值損失是非實質性的。

- (iii) 廣州晨明和廣州倩采是由與本公司董事會主席陳啟源先生關係密切的家庭成員控制的。
- (iv) 截至二零一八年十二月三十一日，集團預付了廣州霸王廣告費用。廣州霸王給予的信用期限以發票日期為準。於二零一八年十二月三十一日，廣州霸王的有關結餘無抵押及免息。
- (v) 截至二零一九年十二月三十一日，本集團預付了購買廣州晨明包裝材料的貿易預付款。廣州晨明給予的信用期限以發票日期為準。於二零一九年十二月三十一日，廣州晨明的有關結餘無抵押及免息。
- (vi) 由廣州倩采給予的信貸期為發票日起30日。截至二零一九年及二零一八年十二月三十一日止，應付廣州倩采的有關結餘無抵押，30天免息(二零一八年：30天)，30天內到期(二零一八年：30天)。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

34. Related Party Transactions (Continued)

(b) Related party transactions

The Group had the following material transactions with its related parties:

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Nature of transaction 交易性質			
Guangzhou Bawang International 廣州霸王國際	Meeting and catering service expenses (notes i and iv) 會議及餐飲服務費(附註i和iv)	227	575
	Sales of materials (notes i and iv) 銷售材料(附註i和iv)	27	—
Guangzhou Chenming 廣州晨明	Purchase of packaging materials (notes i and iii) 包裝材料採購款(附註i和iii)	3,898	4,195
Guangzhou Qiancai 廣州倩采	Purchase of packaging materials (notes i and iv) 包裝材料採購款(附註i和iv)	146	478
Guangzhou Bawang 廣州霸王	Rental fee of production plant and office premises (notes i, ii and iii) 生產廠房和辦公場所的租金(附註i, ii和iii)	8,638	8,638

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) On 1 December 2017, Bawang Guangzhou and Guangzhou Bawang entered into a lease agreement with 3 years terms of lease from 1 December 2017. The monthly rental fee for the production premises, office premises and a staff dormitory are approximately RMB719,000 in total. Details of which were set out in the Company's announcement dated 1 December 2017. As at 31 December 2019, the carrying amount of such lease liabilities is approximately RMB7,772,000. During the year ended 31 December 2019, the Group has made lease payment of approximately RMB8,638,000 to the related company.

34. 關聯方交易(續)

(b) 關聯方交易

本集團與其關聯人士進行以下重大交易：

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Nature of transaction 交易性質			
Guangzhou Bawang International 廣州霸王國際	Meeting and catering service expenses (notes i and iv) 會議及餐飲服務費(附註i和iv)	227	575
	Sales of materials (notes i and iv) 銷售材料(附註i和iv)	27	—
Guangzhou Chenming 廣州晨明	Purchase of packaging materials (notes i and iii) 包裝材料採購款(附註i和iii)	3,898	4,195
Guangzhou Qiancai 廣州倩采	Purchase of packaging materials (notes i and iv) 包裝材料採購款(附註i和iv)	146	478
Guangzhou Bawang 廣州霸王	Rental fee of production plant and office premises (notes i, ii and iii) 生產廠房和辦公場所的租金(附註i, ii和iii)	8,638	8,638

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) 二零一七年十二月一日，霸王廣州與廣州霸王達成租賃協議，自一月一日起，租賃期限為自二零一七年十二月起3年。生產廠房、辦公場所和職工宿舍的月租費合計約為人民幣719,000元。詳情載於公司二零一七年十二月一日發佈的公告。截至二零一九年十二月三十一日止，租賃負債賬面價值約為人民幣7,772,000元。截至二零一九年十二月三十一日止年度，集團已向關聯公司支付了約人民幣8,638,000元的租金。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

34. Related Party Transactions (Continued)

(b) Related party transactions (Continued)

Notes: (Continued)

- (iii) 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.
 - (iv) 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.
- (c) Mr. CHEN Qiyuan, Ms. WAN Yuhua 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 2016 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 were fully repaid. On 22 January 2018, the available facilities of approximately RMB140,000,000 were expired.

34. 關聯方交易(續)

(b) 關聯方交易(續)

附註：(續)

- (iii) 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。
 - (iv) 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。
- (c) 陳啟源先生、萬玉華女士和廣州霸王承諾向集團提供最高人民幣140,000,000元的抵押貸款，期限為二零一三年三月十五日至二零一六年十二月三十一日，並進一步延長至二零一八年一月二十二日。該等長期貸款是無抵押的、無息的，並根據集團的決定於二零一七年十二月三十一日或之前償還。二零一六年，該集團已從該抵押下提款港元35,000,000(約合人民幣29,323,000元)。二零一六年六月三日，所有貸款已全部償還。二零一八年一月二十二日，約人民幣140,000,000元可用抵押到期。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

34. Related Party Transactions (Continued)

(d) Compensation of key management personnel

The remuneration of key management personnel of the Group during the year was as follows:

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Short-term benefits	短期福利	4,162	2,427
Post-employment benefits	離職後福利	428	180
Termination benefits	辭退福利	500	—
		5,090	2,607

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. 關聯方交易(續)

(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：

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Short-term benefits	短期福利	4,162	2,427
Post-employment benefits	離職後福利	428	180
Termination benefits	辭退福利	500	—
		5,090	2,607

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。

35. Reconciliation of Liabilities Arising from Financing Activities

The table below details changes in the Group's liabilities arising from financing activities. 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對賬

下表詳述本集團來自融資活動的負債變動。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 2019 二零一九年 一月一日 RMB'000 人民幣千元	Financing cash flows 融資 現金流量 RMB'000 人民幣千元	31 December 2019 二零一九年 十二月三十一日 RMB'000 人民幣千元
Liabilities	負債			
Bank borrowing	銀行借款	12,550	(2,900)	9,650
Lease liabilities	租賃負債	38,133	(7,001)	31,132

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

35. Reconciliation of Liabilities Arising from Financing Activities (Continued)

35. 融資活動產生的負債對賬(續)

		Financing	
		cash flows	
1 January 2018	2018	31 December 2018	
二零一八年	融資	二零一八年	
一月一日	現金流量	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	
Liabilities	負債		
Bank borrowing	銀行借款	—	12,550
			12,550

36. Litigations

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.

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

36. 法律訴訟

早前，一名前分銷商在上海松江區人民法院(「上海法院」)就該前分銷商及霸王(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。

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。截至二零一九年和二零一八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。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

37. Principal Subsidiaries

Details of the Company's principal subsidiaries at 31 December 2019 and 2018 are as follows:

37. 主要附屬公司

於二零一九年及二零一八年十二月三十一日，本公司主要附屬公司詳情如下：

Name 名稱	Place of incorporation/ establishment and operation 成立及經營地點	Issued and paid-up/registered capital 已發行及繳足資本	Proportion ownership interest and voting power held by the Company 本公司持有的權益及 擁有的投票權比例				Principal activities 主要業務
			2019 二零一九年		2018 二零一八年		
			Direct 直接 %	Indirect 間接 %	Direct 直接 %	Indirect 間接 %	
Forever Giants Limited Forever Giants Limited	BVI 英屬處女群島	USD1 美元1	100	—	100	—	Inactive 年內無業務
Bawang International Group Holding (HK) Limited 霸王國際集團控股(香港) 有限公司	Hong Kong 香港	HK\$1 港元1	—	100	—	100	Investment holding and trading of household and personal care products 投資控股及營銷家用及 個人護理產品
Hong Kong Bawang International Trading Limited 香港霸王國際貿易公司	Hong Kong 香港	HK\$1 港元1	—	100	—	100	Trading of household and personal care products 營銷家用及個人護理產品
Bawang Guangzhou (note (a)) 霸王廣州(附註(a))	The PRC 中國	USD67,500,000 美元67,500,000	—	100	—	100	Manufacturing and trading of household and personal care products 製造及營銷家用及個人護理產品
Bawang Beverage (note (a)) 霸王飲料(附註(a))	The PRC 中國	HK\$180,000,000 港元180,000,000	—	100	—	100	Inactive 年內無業務
Guangzhou Fanmei Electronic Business Company Limited* 廣州梵魅電子商務有限公司*	The PRC 中國	RMB1,000,000 人民幣1,000,000元	—	100	—	100	e-Commerce and trading of household and personal care products 電子商務及營銷家用及個人護理 產品
Guangzhou Bawang Trading Company Limited* 廣州霸王貿易有限公司*	The PRC 中國	RMB1,000,000 人民幣1,000,000元	—	100	—	100	Trading of household and personal care products 營銷家用及個人護理產品

Note:

(a) These entities are wholly foreign owned and limited liability companies established in the PRC.

* For identification purposes only

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。

* 僅供認別

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

37. Principal Subsidiaries (Continued)

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. A summary of these subsidiaries are as follows:

Principal activities 主要業務	Principal place of business 主要業務地點	Number of subsidiaries 附屬公司數目	
		2019 二零一九年	2018 二零一八年
Investment holding 投資控股	The BVI 英屬處女群島	2	2
Investment holding 投資控股	Hong Kong 香港	1	1

38. Event After the Reporting Period

Since January 2020, the outbreak of the 2019 Novel Coronavirus (“COVID-19”) in the PRC and the subsequent quarantine measures imposed by the PRC government have had a negative impact on the operations of the Group, as most of the Group’s business are located in the PRC. The Group has had to delay its operations due to the mandatory government quarantine measures. To ensure prevention of COVID-19 infection, the Group has implemented strict internal control measures to carry epidemic prevention work into effect.

The Directors have closely monitored the development of the outbreak of COVID-19 and kept regular communication with its customers and suppliers to understand whether there would be any significant impact on the Group’s operation.

Based on the current available information, the Directors consider that the COVID-19 outbreak will not have any material impact on the financial position of the Group. However, given the inherent unpredictable nature and rapid development of COVID-19, the Group’s business might be materially affected and the Directors will closely monitor the overall situation and development of events in the regard.

37. 主要附屬公司(續)

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：

38. 報告期後事項

自二零二零年一月起，二零一九年新型冠狀病毒(新冠病毒)在中國爆發，以及由於集團的大部分業務位於中國，隨後中國政府實施的檢疫措施對集團的運營產生了負面影響。由於政府強制實施隔離措施，本集團不得不推遲運營。為確保新冠病毒的預防，集團實施了嚴格的內部控制措施，使防疫工作有效開展。

董事們密切監察了新冠病毒的爆發，並與客戶和供應商保持定期溝通，以了解是否會對集團的運營造成重大影響。

根據現有的信息，董事們認為新冠病毒的爆發不會對集團的財務狀況產生任何實質性的影響。然而，鑒於新冠病毒固有的不可預測性和快速發展，集團的業務可能受到重大影響，董事們將密切關注這方面的整體情況和事態發展。

Five Years Summary

五年財務概要

As at 31 December 2019 於二零一九年十二月三十一日

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元 (Restated) (經重列)
Results	業績					
Revenue	營業額	258,158	293,922	264,215	264,229	232,181
(Loss)/profit before taxation	稅前(虧損)/利潤	(15,164)	(1,196)	19,231	41,094	(110,422)
Taxation	稅項	9,064	—	(4)	2,610	(3)
(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	(6,100)	(1,196)	19,227	43,704	(110,425)
Assets and liabilities	資產及負債					
Property, plant and equipment	物業、廠房及設備	98,305	115,021	132,403	137,237	155,284
Prepaid advertising fee	預付廣告費用	—	649	392	212	44
Biological assets	生物資產	—	—	—	457	426
Net current assets/(liabilities)	流動資產/(負債)淨值	53,732	50,661	37,843	13,305	(56,852)
Total assets less current liabilities	資產總值減流動負債	182,426	165,682	170,246	150,542	98,432
Loan from controlling shareholders	控股股東借款	—	—	—	—	54,946
Deferred tax liabilities	遞延稅項負債	—	—	—	—	2,031
Net assets	資產淨值	158,660	165,682	170,246	150,542	41,455
Capital and reserves	資本及儲備					
Share capital	股本	277,932	277,878	277,878	277,878	256,705
Reserves	儲備	(119,272)	(112,196)	(107,632)	(127,336)	(215,250)
Total equity	權益總額	158,660	165,682	170,246	150,542	41,455
(Loss)/earning per share Basic and diluted (RMB)	每股(虧損)/盈利基本及攤薄(人民幣)	(0.0019)	(0.0003)	0.006	0.01	(0.038)

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