



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 2010 2010 年年報

* for identification purposes only
僅供識別



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

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

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

“中草藥”是企業品牌的核心，**“中草藥文化”**是企業的核心文化。

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

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



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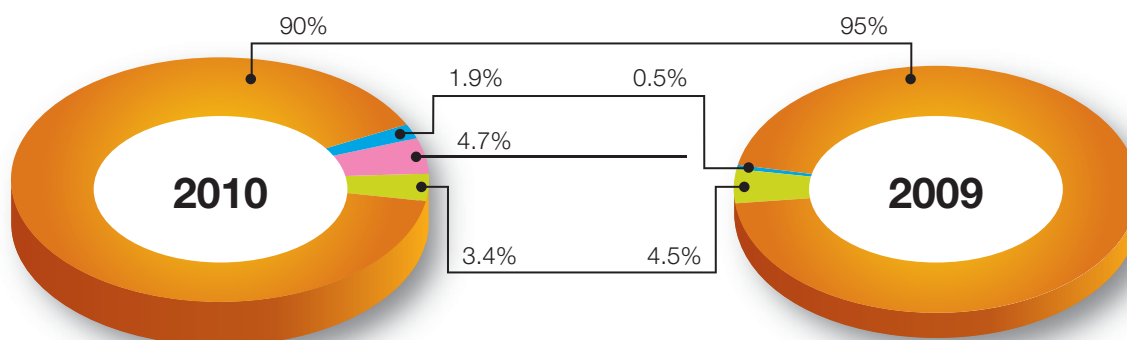
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Financial Highlights

財務摘要

		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元	Change (%) 變動 (%)
Revenue	營業額	1,475,355	1,756,001	-16.0%
Cost of Sales	銷售成本	(564,017)	(590,355)	-4.5%
Gross profit	毛利	911,338	1,165,646	-21.8%
Selling & distribution costs	銷售及分銷成本	(941,811)	(637,344)	+47.8%
Administrative expenses	行政費用	(101,511)	(75,756)	+34.0%
(Loss)/profit from operations	經營(虧損)/溢利	(131,573)	452,252	-129.1%
Income tax credit/(expense)	所得稅抵扣/(支出)	16,160	(85,659)	-118.9%
(Loss)/profit attributable to equity shareholders	權益持有人應佔(虧損)/溢利	(117,971)	364,144	-132.4%
(Loss)/earnings per share (RMB yuan)	每股(虧損)/盈利(人民幣元)			
Basic	基本	(0.04)	0.15	-126.7%
Diluted	攤薄	(0.04)	0.15	-126.7%
Final and Special dividends (HK Cents)	年末股息和特別股息(港幣分)	—	8.5	N/A
Gross margin	毛利率	61.8%	66.4%	-4.6 % pts
Net loss ratio/Net Margin	淨虧損率/淨利潤率	-8.0%	20.7%	-28.7 % pts
Effective tax rate	有效稅率	(12.0%)	19.0%	N/A

Revenue by Product Category 收入按產品類別分析

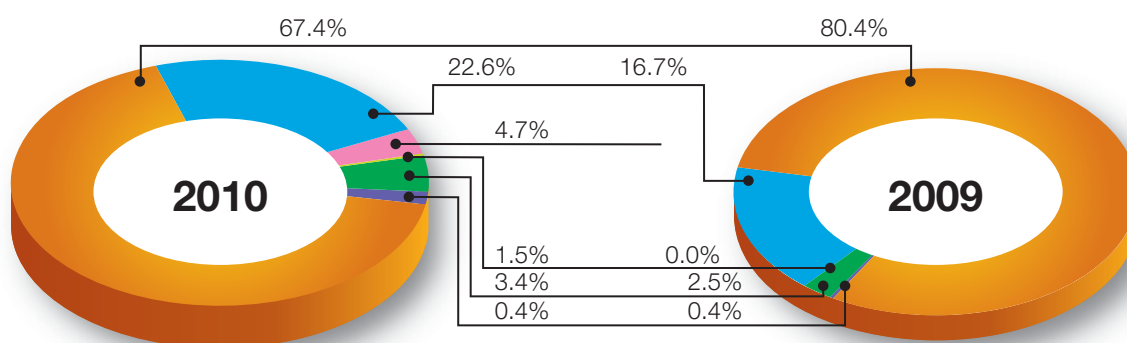


	2010	2009	Change (%) 變動 (%)
(RMB'000) (人民幣千元)	For the year ended 31 December 截至12月31日止年度		
Shampoo & hair-care products 洗髮護髮產品	1,328,079	1,669,025	- 20.4%
Skincare products 護膚產品	27,272	8,049	+ 238.8%
Herbal tea 涼茶	69,757	N/A	N/A
Other products 其他產品	50,247	78,927	- 36.3%

Financial Highlights

財務摘要

Revenue by Brand 收入按品牌分析



	2010	2009	Change (%) 變動(%)
(RMB'000) (人民幣千元)	For the year ended 31 December 截至12月31日止年度		
Bawang 霸王	993,817	1,411,110	- 29.6%
Royal Wind ⁽¹⁾ 追風	333,449	292,649	+ 13.9%
Bawang Herbal Tea ⁽²⁾ 霸王涼茶	69,757	N/A	N/A
Herborn ⁽³⁾ 本草堂	21,822	266	N/A
Litao ⁽⁴⁾ 麗濤	51,060	44,193	+ 15.5%
Smerry 雪美人	5,450	7,783	- 30.0%

Notes:

1. Launched in May 2009. Revenue not directly comparable.
2. Launched in April 2010. Revenue not directly comparable.
3. Launched in December 2009. Revenue not directly comparable.
4. Launched new product series in October 2010.

附註：

1. 二零零九年五月推出。不能將收入進行直接比較。
2. 二零一零年四月推出。不能將收入進行直接比較。
3. 二零零九年十二月推出。不能將收入進行直接比較。
4. 二零一零年十月推出新的產品系列。

Corporate Information

公司資料

Directors

Executive Directors

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

Non-executive Director

GUO Jing

Independent non-executive Directors

NGAI Wai Fung
LI Bida
CHEN Kaizhi

Audit committee

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

Remuneration committee

WAN Yuhua (*Chairperson*)
LI Bida
CHEN Kaizhi

Nomination committee

WAN Yuhua (*Chairperson*)
LI Bida
CHEN Kaizhi

Company Secretary

WONG Sin Yung *CPA*

董事

執行董事

陳啟源 (*主席*)
萬玉華
沈小笛
黃善榕

非執行董事

郭晶

獨立非執行董事

魏偉峰
李必達
陳開枝

審核委員會

魏偉峰 *CPA, ACCA, FCIS (主席)*
李必達
陳開枝

薪酬委員會

萬玉華 (*主席*)
李必達
陳開枝

提名委員會

萬玉華 (*主席*)
李必達
陳開枝

公司秘書

黃善榕 *CPA*

Corporate Information 公司資料

Authorized representatives

WAN Yuhua
WONG Sin Yung *CPA*

Registered office

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

Principal place of business in the PRC

8 Huanan Beilu
Baiyun District
Guangzhou
510440
PRC

Place of business in Hong Kong

Suite B, 12/F
Ritz Plaza
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Tsimshatsui
Kowloon
Hong Kong

Cayman Islands principal share registrar and transfer office

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

授權代表

萬玉華
黃善榕 *CPA*

註冊辦事處

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

中國主要營業地點

中國
廣州
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郵編：510440

香港營業地點

香港
九龍
尖沙咀
柯士甸道122號
麗斯中心
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開曼群島證券過戶登記總處

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

Corporate Information

公司資料

Hong Kong Branch share registrar and transfer office

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

香港證券登記處

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

Auditors

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

核數師

畢馬威會計師事務所
執業會計師
香港
中環
遮打道10號
太子大廈8樓

Legal advisors on Hong Kong Law

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

香港法律顧問

史密夫律師事務所
香港
皇后大道中15號
告羅士打大廈23樓

Compliance advisor

Kingsway Capital Limited
5th Floor, Hutchison House
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Central
Hong Kong

合規顧問

滙富融資有限公司
香港
中環
夏慤道10號
和記大廈5樓

Company's website

www.bawang.com.cn

公司網址

www.bawang.com.cn

Stock code

01338

股票代號

01338

Corporate Information

公司資料

Principal bankers

The Hongkong and Shanghai Banking
Corporation Limited
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Hong Kong

Bank of China Limited
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PRC

China Merchants Bank Co., Ltd
China Merchants Bank Tower No. 7088
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Shenzhen 518040 PRC

主要往來銀行

香港上海滙豐銀行有限公司
香港
皇后大道中1號

中國銀行股份有限公司
中國
廣州市
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郵編：510180

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

Chairman's Statement

主席報告書



Dear shareholders of the Company,

On behalf of the board of directors of BaWang International (Group) Holdings Limited (the "Company"), I present the audited annual results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2010.

The year of 2010 was very challenging for the Group. During the first half of the year, the Group was heavily engaged in the successful brand building for four newly launched products. As a result, our revenue for the first half of 2010 increased by 36.7% as compared to the same period last

各位尊敬的本公司之股東：

本人僅代表霸王國際(集團)控股有限公司(「本公司」)之董事會，向全體股東呈報本公司及其附屬公司(統稱「本集團」)截至二零一零年十二月三十一日止年度的經審核年度業績。

二零一零年對本集團來說是極具挑戰性的一年。在二零一零年上半年，本集團積極從事四款新推出產品的品牌建設工作，結果令二零一零上半年的業績比去年同期增長36.7%。在二零一零年下

Chairman's Statement 主席報告書

year. Into the second half of 2010, ever since the publication of the inaccurate magazine article by Next Magazine in mid-July 2010, our business operations were subject to major interruptions, our brand images were harmed, and our operating results declined significantly in the second half of 2010. The sales of Bawang (霸王) branded shampoos for the second half of 2010 significantly declined by 63.2% as compared to same period of 2009. After making tremendous efforts to rebuild our brand and corporate images, the directors of Company (the "Directors") consider that the Group has now returned to normal operations, that we have started restoring consumers' confidence, and that we strive to be innovative and achieve brilliant results again in our business.

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

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

CHEN Qiyuan

Chairman

Hong Kong, 28 March 2011

半年，自從《壹週刊》雜誌於二零一零年七月中旬發表失實內容文章之後，我們正常的商業經營曾一度被嚴重干擾，我們的品牌形象受到損害，二零一零年下半年我們的經營業績大幅度下降。霸王品牌洗髮水二零一零年下半年的銷售業績，比去年同期明顯下降了63.2%。通過作出巨大的努力，我們的企業和品牌形象得以挽回。本公司董事(以下簡稱「董事」)認為本集團目前已經恢復正常運營，已經開始重樹消費者的信心，並且我們銳意創新再鑄輝煌。

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

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

陳啟源

主席

香港，二零一一年三月二十八日

Management Discussion and Analysis

管理層討論及分析

Business Review

The total revenue of the Group for 2010 was RMB1,475.4 million, representing a decrease of 16.0% as compared to 2009. The Group has recorded a loss of RMB118.0 million for 2010 as compared to the profit attributable to the shareholders of RMB364.1 million in 2009. Please refer to the Financial Review section of this annual report for details of the operating performance of the Group.

During the first half of the year, the Group was heavily engaged in the successful brand building for four newly launched products. As a result, our revenue for the first half of 2010 increased by 36.7% as compared to the same period last year. Into the second half of 2010, the Group was in effect running six branded product lines in three HPC categories as well as making exceptional efforts and highly efficient and the effective crisis handling measures to soften any impact caused by the inaccurate media articles and/or news reports against the Group.

業務回顧

董事會報告本集團二零一零年度總收入達人民幣1,475.4百萬元，較二零零九年同期下降了16.0%。本年度股東應佔溢利錄得虧損人民幣118.0百萬元，而二零零九年同期錄得盈利人民幣364.1百萬元。本集團經營業績詳情，請參閱本年報中財務回顧部份。

在今年上半年，本集團積極成功地從事四款新推出產品的品牌建設工作，結果令二零一零上半年的業績比去年同期增長36.7%。在二零一零年下半年，本集團除了繼續運營三種家庭個人護理產品六個品牌作出非凡努力外，以高效、快捷、有效的危機處理方法與措施淡化所有來自媒體及／或報刊失實報導所產生的任何影響。



Management Discussion and Analysis 管理層討論及分析

In April 2010, the Group rolled out its first Chinese herbal beverage product series “Bawang Herbal Tea (霸王涼茶)” with Donnie Yen (甄子丹) as its brand ambassador. The products have been available for sale since June 2010. As of 31 December 2010, the distribution network comprised around 212 distributors, covering 21 provinces and four municipalities.

During the year, the Group realized that because of the intense competition in the HPC products in the PRC over the past few years, some of the low-cost branded HPC products were fading out from the market. As a result, there was an opportunity for the Group to tap into this market segment. The Group then started working on the repositioning and enhancement of “Litao (麗濤)” range of natural-based shampoo and shower gel products. In October 2010, the Group successfully rolled out the enhanced product series, “Scent with Smoothing (香香柔順)”. In order to effectively promote the

二零一零年四月，本集團推出了首個中草藥飲料系列產品—「霸王涼茶」，並聘請甄子丹先生作為該產品的品牌形象大使。該產品自二零一零年六月起於市面發售。截至二零一零年十二月三十一日，分銷網絡包括大約212名分銷商，覆蓋21個省份及4個直轄市。

在這一年裏，由於過去幾年中國家庭個人護理產品市場競爭激烈，部份低成本品牌家庭個人護理產品被擠出了市場。因此，本集團有一個進軍該細分市場的商業契機。本集團隨即開始重新對麗濤產品進行定位升級，推出以天然植物為基礎的洗髮水和沐浴露產品系列。二零一零年十月，本集團成功推出升級版「香香柔順」系列產品。為了有效地推廣產品形象，我們聘請了廣受歡迎的青年歌唱團



Management Discussion and Analysis

管理層討論及分析



brand image, the popular young singing group “S.H.E.” has been appointed as its brand ambassador. As of 31 December 2010, the distribution network comprised approximately 349 distributors, covering 26 provinces and four municipalities. The successful launch of the Litao (麗濤) range of enhanced products has signified a successful extension of the Group’s shampoo business to the mid-low end segment in the PRC market which satisfies the demands of consumers and achieves the Company’s goal to expand the consumer market.

In relation to Chinese herbal anti-dandruff shampoo series, Royal Wind (追風系列), the Group continued to expand its sales and distribution network in 2010. As of 31 December 2010, the distribution network comprised approximately 482 distributors and 41 KA retailers, covering 27 provinces and four municipalities. Further, the products were successfully launched in Hong Kong and Singapore in 2009 and 2010 respectively.

In relation to Chinese herbal skincare products series, Herborn (本草堂系列), this series of products aims at white-collar females aged between 25 and 45 who have high purchasing power and pursue a healthy and natural lifestyle. As of 31 December 2010, the Group has successfully set up sales and

體「S.H.E.」擔任該產品的品牌形象大使。截至二零一零年十二月三十一日，分銷網絡包括大約349名分銷商，覆蓋26個省份和四個直轄市。升級版麗濤系列產品的成功推出，標誌著本集團的洗髮水品牌覆蓋中高低端市場，以滿足消費者的不同需求，實現拓展消費市場的目標。

關於中草藥去屑系列產品—追風，本集團於二零一零年繼續擴展其銷售及分銷網絡。截至二零一零年十二月三十一日，分銷網絡包括大約482名分銷商和41名重點零售商，覆蓋27個省份和四個直轄市。而且本產品分別於二零零九年和二零一零年在香港和新加坡市場成功登陸。

關於中草藥護膚系列產品—本草堂系列，其目標客戶群是擁有高購買力、崇尚健康自然的生活方式、年齡介於25至45歲的白領女性。截至二零一零年十二月三十一日，本集團已成功開拓銷售及

Management Discussion and Analysis

管理層討論及分析

distribution networks comprising approximately 92 distributors and 15 retailers covering 27 provinces and four municipalities with 83 counters in department stores and/or hypermarkets and 761 counters in cosmetics specialty shops. In addition, the products have exclusively been sold at approximately 270 Mannings stores in Hong Kong since November 2010.

The internationally renowned celebrity Faye Wong (王菲) has continued to be the brand ambassador and to help us promote the images of both Royal Wind (追風) and Herborn (本草堂) brands.

In the aftermath of the “dioxane incident” as disclosed in the announcement of the Company dated 14 July 2010, the brand image of Bawang (霸王) was adversely affected. The sales of Bawang (霸王) branded shampoos for the second half of 2010 significantly decline by 63.2% as compared to the same period of 2009. Through the swift responses of the Company, we have been able to maintain the confidence of our distributors and retailers. As of 31 December 2010, the distribution network for Bawang (霸王) branded products comprises approximately 576 distributors and 43 KA retailers, covering all 27 provinces and four municipalities in the PRC. The products have also been launched in overseas countries and regions such as, Hong Kong, Macau, Singapore, Myanmar, Thailand, Malaysia, Brunei, and United Arab Emirates.

分銷網絡，包括大約92名分銷商和15名重點零售商，百貨和超級市場專櫃83家，化妝品專營店專櫃761家，覆蓋27個省份和四個直轄市。而且，自二零一零年十一月起，該產品已在香港大約270家萬寧商店中銷售。

國際著名歌星王菲女士獲邀繼續擔任品牌形象大使，以助我們推廣追風和本草堂的品牌形象。

自本公司二零一零年七月十四日公告所披露「二惡烷事件」之後，霸王品牌形象受到不利影響。霸王品牌洗髮水二零一零年下半年的銷售業績，比去年同期明顯下降了63.2%。通過本公司的迅速反應，我們已能夠保持分銷商和零售商的信心。截至二零一零年十二月三十一日，分銷網絡包括大約576名分銷商和43名零售商，覆蓋中國27個省份和四個直轄市。該產品已經遠銷海外，在香港、澳門、新加坡、緬甸、泰國、馬來西亞、汶萊和阿聯酋等地都有銷售。





In order to lift the corporate image, to restore consumer's confidence in the Group's products and to develop immunity for the Group to defend against vicious attacks in future, the Company has undertaken the following marketing and promotional initiatives:

In July 2010, five herbal tea formulae and the associated terminology have been approved as National Intangible Cultural Heritage by the State Council of the People's Republic of China.

In August 2010, the Group was appointed as exclusive sponsor of skincare products to the Miss World Pageant China. Apart from providing our Herborn Chinese herbal skincare products (本草堂系列) for the use of the contestants, we also conducted a series of skincare seminars for the contestants to understand the concepts and benefits of traditional Chinese medicine.

In September 2010, the Group participated in a traditional Chinese medicine exhibition (中醫中藥中國行) in Beijing, which was organized by 23 relevant organizations and government departments in the PRC. The theme of exhibition was to publicize the practice of Chinese herbal doctors and the applications and benefits of traditional Chinese medicine.

為了重振企業形象、恢復消費者對本集團產品的信心以及增強集團對未來可能發生的惡性事件的免疫力，本公司已採取了一系列的市場營銷及推廣措施，如下文所述：

二零一零年七月，五個涼茶秘方及專業術語被中華人民共和國國務院批准為國家級非物質文化遺產。

二零一零年八月，本集團被指定為世界小姐選美中國區比賽護膚品的獨家贊助商。除了為選手提供參賽所需要的本草堂護膚產品之外，我們還為參賽選手舉辦了護膚研討會，介紹傳統中醫中藥的概念和益處。

二零一零年九月，本集團在北京參加了一個由中國政府部門和23個有關組織共同舉辦的「中醫中藥中國行」活動。該活動的主旨在於宣傳和推廣傳統中醫的應用和益處。

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In September 2010, our Royal Wind (追風系列) branded products was the title sponsor to a student contest known as “Royal Wind Universiade Star (追風大運之星)”, which elected student ambassadors for the Universiade 2011 Shenzhen. During the selection process, the contestant students were drawn from university campuses all over the mainland China. These young finalists helped the Group enhance the understanding of the general public in the application of traditional Chinese medicine.

Furthermore, in September 2010, the family of our chairman, Mr. Chen Qiyuan, was recognized as “Renowned Traditional Chinese Herbal Medicine Family (中藥世家) by the Southern China Steering Committee for Protection of Intangible Cultural Heritage. In addition, a total of 8 Chinese herbal formulae comprising four herbal haircare formulae and four herbal skincare formulae were admitted to the list of protection. The intellectual property rights of these formulae are officially protected.

In October 2010, the Group was selected as exclusive providers of Bawang (霸王) branded shampoos and some of our HPC products to Guangzhou 2010 Asian Games (“the Asian Games”) for use by participating athletes and guests inside game villages. The selection criteria laid by the organizing committee of the Asian Games were very stringent. At the end of the Asian Games, the Group was awarded a certificate for outstanding achievement in product safety by the organizing committee. This award casts a strong and convincing vote on the good quality of Bawang (霸王) branded products.



二零一零年九月，我們追風品牌冠名贊助了2011年在深圳市舉辦的世界大學生運動會選拔學生大使活動—「追風大運之星」。在選拔比賽期間，所有參賽學生均來自中國境內大學校園。這些年輕的決賽選手協助本集團增強廣大公眾對傳統中醫中藥應用的理解。

同年九月，我們主席陳啟源先生的家族被嶺南中藥文化遺產保護名錄評審委員會認定為「中藥世家」。同時，四道中草藥洗髮水秘方和四道中草藥護膚品秘方，一共八道中草藥秘方也被列入該遺產保護名錄。上述秘方均受官方知識產權保護。

二零一零年十月，本集團被選定為參加廣東省2010年亞運會的參賽者和來賓提供霸王品牌洗髮水和我們旗下家庭個人護理產品的獨家供應商。亞運會組委會制定了非常嚴格的選拔標準。亞運會結束後，本集團榮獲了由食品安全亞運行活動組織委員會頒發的亞運食品安全貢獻證書。這一獎項為霸王品牌產品的高品質投上了強而有力的一票。

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In November 2010, to signify the award of exclusive supply contract for provision of Bawang (霸王) products to the Asian Games, the Company invited five Chinese sports champions in various fields to say cheerio in a series of cheerio TV advertisements for publicizing the Asian Games with the main theme “Witnessing the Quality of Bawang Products whilst Enjoying the Thrilling Passions of the Asian Games”(“見證霸王品質·共享亞運激情”). The promotional posters featuring the five sports champions were displayed at points of sales all over the PRC. The Directors believe that the TV commercials on CCTV and the promotional posters on nationwide basis would help the Company spread the positive message to all tiers of cities in the PRC and thereby enhance the corporate and brand image.

In November of 2010, our Chairman, Mr. CHEN Qiyuan, was recognised as the “Representative Successor of Chinese Herbal Tea Culture” by the Guangdong Provincial Bureau of Culture.

In terms of the recognition gained by the Group, the Guangdong Provincial Bureau of New Hi-Tech Products has recently awarded Certificate of New Hi-tech Product to accredit the following three products series of our Group:

1. Bawang Anti-Hair Fall Shampoo
2. Bawang Hair Blackening Shampoo
3. Royal Wind Anti-Dandruff Shampoo

二零一零年十一月, 為慶祝霸王產品成為亞運會獨家供應商品, 本公司聘請五位不同領域的體育冠軍拍攝了一系列以「見證霸王品質·共享亞運激情」為主題的為亞運會加油的電視廣告宣傳片。五位運動冠軍的特色宣傳海報被張貼在國內各地的銷售網點。董事們認為在中央電視台投放的電視廣告和全國範圍內的宣傳海報將幫助公司在中國所有大中小城市傳播積極正面的信息, 從而提升企業和品牌形象。

同年十一月, 陳啟源先生被廣東省文化廳認為涼茶傳統技藝的「廣東省非物質文化遺產項目代表性傳承人」。

在獲得榮譽方面, 本集團下列三款產品系列被廣東省科學技術廳評定為「廣東省高新技術產品」:

1. 霸王防脫系列洗髮液
2. 霸王烏髮系列洗髮水
3. 追風去屑系列洗髮水

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In May 2010, a research development in the extraction of contents from a Chinese herb called polygonum (何首烏), was admitted in the National Torch Program of China (國家火炬計劃).

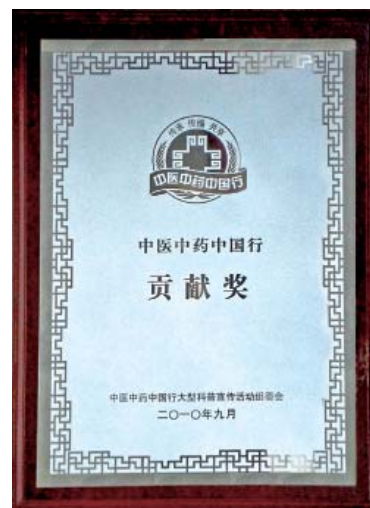
二零一零年五月，本集團的何首烏研發項目被中華人民共和國科學技術部認可可列為「國家火炬計劃」項目。

In June 2010, the Group was approved jointly by the Guangzhou Provincial Bureau of Science & Technology, the Development & Reform Commission, and the Economic & Trade Commission of Guangzhou Municipality to set up a research and development centre for the key projects in relation to the Chinese herbal consumer products.

二零一零年六月，本集團經廣州市科技廳、發改委、經貿委獲准建立廣州市中草藥日化重點工程技術研究開發中心。

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

上述所有成就均肯定了本集團於研發中草藥及促進其工業化發展方面的卓越能力。



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We are in the process of applying for the registration of a number of patents relating to researches on Chinese herbs and hair blackening, the successful registration of which will be a further testament to the recognition and breakthrough in our research and development of the Company.

Recent Events

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

Financial Review

Revenue

During the year under review, the Group's revenue amounted to RMB1,475.4 million, representing a decrease of 16.0% as compared to RMB1,756.0 million in 2009. The sales decline in 2010 was principally attributable to the substantial decline in the sales of the Group's shampoo products in the second half of 2010 as a result of and in connection with the "dioxane incident" as disclosed in the announcement of the Company dated 14 July 2010.

The Group's core brand, Bawang (霸王), generated RMB993.8 million in revenue, which accounted for 67.4% of the Group's total revenue for 2010, and represented a decrease of 29.6% as compared to 2009. The sales of Bawang branded products in the second half of 2010 significantly decreased by 64.0% to RMB282.0 million as compared to the same period in 2009.

The branded Chinese herbal anti-dandruff hair-care series, Royal Wind (追風), recorded a revenue of RMB333.4 million in 2010, which accounted for approximately 22.6% of the Group's total revenue for 2010, and represented an increase

我們正在申請註冊多個與中草藥及烏髮研究相關的專利。成功註冊這些專利將進一步證明本公司在研究和開發上的重大突破。

近期事件

我們認為發表於壹週刊二零一零年七月十四日的相關雜誌文章均為對本集團的誹謗和／或惡意中傷。因此，我們已在香港高等法院向壹週刊提起法律訴訟，其中，要求壹週刊賠償損失並且禁止出版該內容或類似內容。針對壹週刊的司法程序仍在繼續中。

財務回顧

收入

於回顧年度內，本集團收入達人民幣1,475.4百萬元，比二零零九年同期收入人民幣1,756.0百萬元下降了16.0%。二零一零年度銷售業績大幅下降的主要原因是由於二零一零年七月十四日本公司公告所披露的「二惡烷事件」，對本公司下半年的洗髮水銷售業績造成了不利影響。

本集團核心品牌，霸王品牌的收入達人民幣993.8百萬元佔集團總收入的67.4%，比二零零九年下降了29.6%。霸王品牌在二零一零年下半年的收入比二零零九年同期大幅下降64.0%至人民幣282.0百萬元。

中草藥去屑品牌，追風品牌的收入達人民幣333.4百萬元，佔集團總收入的22.6%，比二零零九年增長13.9%。由於追風品牌是二零零九年五月才上市的，

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of 13.9% as compared to 2009. As Royal Wind (追風) was launched in May 2009, the total revenue generated for 2009 and 2010 by this branded products may not be directly comparable.

The first branded herbal drink of the Group, “Bawang Herbal Tea (霸王涼茶)” recorded a revenue of RMB69.8 million since it was launched in April 2010, representing 4.7% of the Group’s total revenue for 2010.

The natural-based branded shampoo and shower gel products series, “Litao (麗濤)”, was repositioned and rolled out in October 2010. This branded series generated RMB51.1 million in revenue, which accounted for approximately 3.4% of the Group’s total revenue for 2010, and represented an increase of 15.5% as compared to 2009.

The Chinese herbal skincare brand “Herborn (本草堂)” generated a total revenue of RMB21.8 million, which accounted for approximately 1.5% of the Group’s total revenue for 2010.

Smerry (雪美人) generated a total revenue of RMB5.5 million, which accounted for approximately 0.4% of the Group’s total revenue for 2010.



所以不能將二零零九年和二零一零年該品牌的總收入進行直接比較。

本集團於二零一零年四月推出的第一個中草藥飲品品牌，霸王涼茶品牌的收入達人民幣69.8百萬元，佔集團總收入的4.7%。

二零一零年十月，本集團重新定位並推出了一個以純天然為基礎的洗髮水和沐浴露產品系列—麗濤。該品牌收入達人民幣51.1百萬元，佔集團總收入的3.4%，比二零零九年同期增長了15.5%。

中草藥護膚產品品牌—本草堂的收入達人民幣21.8百萬元，佔集團二零一零年總收入的1.5%。

雪美人的收入達人民幣5.5百萬元，佔集團二零一零年總收入的0.4%。



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We generally sell our products through extensive distribution and retail networks. During the period under review, sales to our distributors and retailers represented approximately 81.3% and approximately 18.7% of the Group's total revenue respectively.

We launched our products in Hong Kong, Macao, Singapore, Thailand, Myanmar, Malaysia, Brunei, and United Arab Emirates in 2010. The sales to these markets outside the PRC accounted for 4.2% of our total revenue for 2010.

Cost of Sales

Cost of sales for 2010 amounted to RMB564.0 million, representing a decrease of 4.5% as compared to RMB590.4 million for 2009. Such decline was mainly due to the decrease in sales of shampoo products, but partially offset by the increase in sales of two branded products, namely Royal Wind (追風) and Litao (麗濤), and the sales of the newly launched Bawang Herbal Tea (霸王涼茶) branded products.

Gross Profit

During the year under review, the Group's gross profit decreased to RMB911.3 million, representing a decrease of 21.8% as compared to RMB1,165.6 million for 2009. The gross profit margin decreased from 66.4% for 2009 to 61.8% for 2010. Such decline was mainly due to the change in product mix and the increase in the proportion of the cost of raw materials over the total revenue.

Selling and Distribution Costs

Selling and distribution costs increased to RMB941.8 million for 2010, representing an increase of 47.8% as compared to that for 2009. Such increase is due to the increased cost for the launch of our new brand product, namely Bawang Herbal Tea (霸王涼茶) in April 2010 and Litao (麗濤) in October 2010, and the additional costs for sales and marketing promotional campaigns in relation to restoration of consumers' confidence in the Group's products after occurrence of the "dioxane incident".

我們一般通過分銷商和零售商網絡銷售我們的產品。於回顧期間內，我們通過分銷商和零售商的銷售額分別佔集團總收入的81.3%和18.7%。

我們的產品於二零一零年已經進入香港、澳門、新加坡、泰國、緬甸、馬來西亞、汶萊和阿聯酋市場。二零一零全年，這些海外市場的銷售額佔集團總銷售額的4.2%。

銷售成本

二零一零全年的銷售成本達人民幣564.0百萬元，相比二零零九年同期的人民幣590.4百萬元，下降了4.5%。銷售成本下降的主要原因是洗髮水產品銷售業績的下滑，但部份被追風品牌和麗濤品牌上升的銷售額以及新推出的霸王涼茶品牌的銷售額抵銷。

毛利

於回顧年度內，本集團的毛利下降至人民幣911.3百萬元，與二零零九年同期的人民幣1,165.6百萬元相比下降了21.8%。而毛利率從二零零九年的66.4%下降到二零一零年的61.8%。毛利率下降的主要原因是產品組合的變化以及耗用原材料佔總收入比例的上升。

分銷開支

二零一零年度分銷開支增加至人民幣941.8百萬元，較二零零九年同期增長約47.8%。其上漲的原因主要是二零一零年四月新推出的霸王涼茶和十月新推出的麗濤產品的上市推廣支出，以及自「二惡烷事件」發生後為恢復消費者對本集團產品的信心所額外增加的促銷推廣活動費用支出。

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Administrative Expenses

Administrative expenses for 2010 amounted to approximately RMB101.5 million, representing an increase of approximately 34.0% as compared with approximately RMB75.8 million in the same period in 2009. Such increase was mainly due to non-capitalizable research and development expenditures, administrative staff salaries and other benefits including share-based payments.

Loss from Operations

The Group recorded an operating loss of RMB131.6 million for 2010, as compared to the operating profit of RMB452.3 million for 2009. The Group's operating margin decreased from 25.8% for 2009 to -8.9% for 2010. The decrease was mainly due to the decrease in sales, increase in the proportion of the costs of sales over the revenue and the increase in operating expenses.

Income Tax

The Company had an income tax credit of RMB16.2 million for 2010 as compared to income tax expenses of RMB85.7 million for 2009. This was due to the origination of temporary differences in deferred tax and the bonus deduction of R&D expenses for the year ended 31 December 2009, the approval of which was obtained by the Group in 2010, partially offset by a provision for Hong Kong profits tax.

Loss for the Year Attributable to the Equity Shareholder

As a combined effect of the above, the Group recorded an attributable loss of RMB118.0 for the year ended 2010, as compared to the attributable profit of RMB364.1 million for 2009. The Group's net loss ratio stood at -8.0%.

行政開支

二零一零年度行政開支約為人民幣101.5百萬元，較二零零九年同期約人民幣75.8百萬元上漲約34.0%。有關增加的主要原因是研發費用支出和行政人員的工資及其他福利，包括以股份為基礎的支付。

經營虧損

本集團錄得經營虧損人民幣131.6百萬元，而二零零九年錄得經營盈利人民幣452.3百萬元。本公司經營利潤率（經營溢利／虧損佔營業額的百分比）與去年相比從25.8%下降至-8.9%。其下降的主要原因是營業額的下降、銷售成本佔總收入比例的上升以及營業成本的增加。

所得稅

本集團二零一零年所得稅抵扣金額為人民幣16.2百萬元，二零零九年繳納所得稅金額為人民幣85.7百萬元。這主要是因為本集團為中國企業所得稅的可抵扣暫時性差異以及於二零一零年才取得關於截至二零零九年十二月三十一日止年度研究開發費用加計扣除的批准，抵銷了部份香港利得稅的影響。

股東應佔虧損

因上述因素的綜合影響，本集團錄得股東應佔虧損人民幣118.0百萬元，而二零零九年錄得股東應佔盈利人民幣364.1百萬元。本集團的淨虧損率約為-8.0%。

Prospect

The central government of the PRC announced in mid-October 2010 the details of the 12th Five-Year Plan for national economic and social development of China (2011–2015). One of the key missions in this fiscal policy for the next five years is to boost domestic consumption so as to steer its economy away from the low growth brought by export and investment.

The majority of China's population has benefited from the continued economic boom. The Chinese government would aim to restructure and rebalance the economy to reduce inequality, to promote equal income distribution, and to enhance the purchasing power of the people in rural areas and townships by accelerating urbanization and increasing their household income.

The Directors believe that such development would trigger a demand for quality HPC products. The Directors are confident that with the Company's core competencies and unique competitive advantages in the Chinese herbal shampoo and other Chinese herbal HPC products in the PRC, the Company should be able to take advantages of any opportunities to increase our revenue and our market shares by offering new brands and premium products.

While the Directors maintain an optimistic view of the macro economy of China in the next few years, the Directors remain cautious about the adverse impacts on the local and/or global economy arising from the threat of inflation in China's economy, the concerns over the March 11 earthquake, tsunami and the subsequent nuclear crisis in Japan, and the violence in some of the countries in North Africa.

Ever since the publication of the inaccurate magazine article by Next Magazine in mid-July 2010, our business operations were subject to major interruptions, our brand images were harmed and our operating results declined significantly in the second half 2010. After making tremendous efforts to rebuild our brand and corporate images, the Directors consider that the Group has now returned to normal operations, that we have started restoring consumers' confidence, and that we

展望

中國政府於二零一零年十月中旬公佈了二零一一年至二零一五年第十二個五年國民經濟和社會發展規劃。這一未來五年財政政策的主要任務之一就是促進國內消費，引導經濟走出由出口和投資帶來的低增長。

大多數的中國居民受益於經濟的持續繁榮。中國政府將致力於調節均衡經濟，縮小貧富差距，促進收入均衡分配，並通過加快城市化進程和提高他們的收入水平來增加農村和鄉鎮居民的購買力。

董事們認為這種發展趨勢將拉動市場對高品質家庭個人護理用品的需求。董事們相信，憑藉公司的核心競爭力以及在中國中草藥洗髮水和其他中草藥家庭個人護理產品方面擁有的獨一無二的競爭優勢，本公司能夠充分把握任何機會擴展我們新的品牌和優質產品的市場份額，增加我們的收入。

董事們雖然對中國未來幾年的宏觀經濟保持樂觀的態度，但仍對中國境內及／或全球出現的通貨膨脹對中國經濟造成的不利影響持謹慎的態度，並對日本於三月十一日發生的地震、海嘯以及隨後出現的核危機、北非國家的暴力事件表示關注。

自從《壹週刊》雜誌於二零一零年七月中旬發表失實內容文章之後，我們正常的商業經營曾一度被嚴重干擾，我們的品牌形象受到損害，二零一零年下半年我們的經營業績大幅度下降。通過作出巨大的努力，我們的企業和品牌形象得以挽回，董事們認為本集團目前已經恢復正常運營，已經開始重樹消費者的信

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strive to be innovative and achieve brilliant results again in our business. We set out below our business development plans and strategies for 2011.

For Bawang (霸王系列) branded products series, as part of our restoration programme, we will continue to promote the profound culture, applications and benefits of traditional Chinese medicine so as to enhance the awareness of the general public. We will strive to maintain our leadership in the Chinese herbal shampoo market in China, to further increase the revenue through extensive coverage of our sales and distribution network into new areas, to deepen the penetration of the existing established regional markets, particularly those regions other than Southern China, to boost the sales to the same retailer and distributor, and to expand the revenue stream through the launch of enhanced product and/or product series with new brand image so as to expand the coverage of market segments and hence increase sales revenue.

For the Royal Wind Chinese herbal anti-dandruff shampoo series (追風系列), we target to deepen the penetration of the existing established sales channels so as to increase the market share of the Chinese herbal antidandruff shampoo market. We will continue to expand the distribution network for Royal Wind brand (追風) so that the market coverage can be on the same level as that of Bawang brand (霸王). At the same time, we will streamline the existing product series whereby we retain the hot selling items, enhance brand awareness and brand image, and to increase consumers' confidence. We strive to build up this brand as another leading Chinese herbal shampoo within the next few years.

For the Herborn Chinese herbal skincare products series (本草堂系列) branded products, we will continue to build up the brand image through setting up counters in department stores, hypermarket and dedicated shops. To broaden the revenue base, we target to set up approximately 2,500 counters in cosmetics specialty shops on nationwide basis in the PRC. We believe that Herborn would become a leading brand in the Chinese herbal skincare market as well as one of our key revenue contributors in the next three years.

心，並且我們銳意創新再鑄輝煌。以下是我們制定的二零一一年業務發展計劃和戰略：

對於霸王品牌系列產品，作為我們復興計劃的一部份，我們將繼續宣傳推廣中草藥文化底蘊和傳統中醫中藥的應用和益處，以增強廣大民眾的認知。我們將竭力維持我們中國中草藥洗髮水市場的領導地位，通過擴展全面的銷售及分銷網路至新地區，進一步增加收益，加強滲透現有已建立的地區市場，尤其是華南以外的地區，提高現有零售商及分銷商的銷售額，以及通過產品升級和增加新產品線以重塑產品形象、擴大消費群體、提升銷售業績。

至於追風中草藥去屑洗髮液系列，我們旨在加強現有已建立銷售渠道的滲透，務求提高該產品於中國中草藥去屑洗髮液市場的市場佔有率。我們將繼續擴展追風的分銷網絡，使其市場佔有率與霸王品牌達到同一水平。同時，對現有產品系列進行梳理，保留黃金單品，增加市場對新產品的了解以提升整體品牌形象、增強消費者信心。我們致力於未來數年內將這個品牌打造成另一主要中草藥洗髮液。

就本草堂護膚品系列而言，我們將繼續通過在百貨商店、超級市場以及化妝品專營店設立專櫃的形式建立品牌形象。為了擴寬收入來源，我們計劃於中國境內化妝品專賣店中設立約2,500個專櫃。我們相信，本草堂將於三年內成為中草藥護膚品市場的主要品牌，並且成為我們主要收益來源之一。

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For Bawang Herbal Tea (霸王涼茶), we will continue to expand the sales network into the new areas and we plan to deepen the penetration of the existing network that has been established. We believe that this business segment will become one of our revenue contributors this year.

As for new products, the Group successfully rolled out the enhanced product series as natural-based shampoo and shower gel products series “Litao”(麗濤系列) in October 2010. We may launch a new branded Chinese herbal household cleaning product series, depending on the sales performance of our existing product lines.

The Group will continue with its plan to lease a new production premises located in Baiyun District, Guangzhou with an estimated site area of 75,000 square meters. The construction of the first phase of the new premises has already completed and installation and fittings works will follow. Once the new facilities of the first phase are in operations, we estimate that the aggregate annual production capacity for shampoo products, hair-care products, and skincare products will increase by 100,000 metric tons to approximately 200,000 metric tons.

The Group plans to lease another production plant in Huadu District, Guangzhou, for our herbal tea business. The site preparation has been completed and the construction work is in progress. We expect that the plant will finish for installation and fittings in 2012.

The Company has already set up a Chinese herbal plantation in Guangdong province in early 2010 and it has recently harvested its first yield of Chinese herbs. The Company is now replicating its agricultural practices for training and development of farmers on how to maximise output in herbs field cultivation. The Group is looking for more sites in other places in China for setting up additional herbal plantation.

至於霸王涼茶，我們將進一步拓展銷售網絡至新地區，並計劃滲透現有已建立的地區市場。我們相信，此部份業務從今年起將為我們帶來收益。

至於新產品方面，我們已於二零一零年十月重新定位包裝推出了一個以天然植物為基礎的洗髮水和沐浴露產品系列—麗濤。視乎早前推出的新產品系列的銷售業績，我們將於未來推出一個新的中草藥家用清潔用品系列。

依照計劃，本集團將繼續租用位於廣州白雲區預計佔地面積達75,000平方米的新生產大樓。新大樓的第一階段工程已竣工，稍後將進行設備的安裝和調試工作。第一階段新設施投產後，我們預計，洗髮液產品、護髮產品及護膚產品的年產能可增加100,000公噸至200,000公噸左右。

本集團計劃租用另一個位於廣州市花都區花山鎮的生產工廠作為涼茶生產基地。該基地的預備工作已經完成，正在施工建設中。我們期望這個工廠將於二零一二年完成設備的安裝和調試工作。

本公司早在二零一零年初在中國廣東省內設立的中草藥種植基地，近期已獲得第一季中草藥收成。本公司正在複製這種農業規範模式用來培訓和發展農民如何達到產出最大化。本集團現正於中國其他地方物色地點以種植中草藥。

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In terms of our development plan in overseas market, the Group will continue to explore the possibility with potential distributors for launching our branded products to overseas markets. The Group is exploring with potential distributors for launching Bawang Herbal Tea (霸王涼茶) in places including Hong Kong, Singapore and Thailand.

The Company has successfully diversified into three different segments of products. The Company intends to concentrate its efforts and resources on the building of newly-launched brands and also the strengthening of the established brands. The Company does not have any outstanding acquisition opportunity in hand. The Company will not actively explore opportunities that may involve potential acquisition for the time being.

Applications of Net IPO Proceeds

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

根據我們海外市場拓展計劃，本集團將繼續拓展海外市場尋找代理我們產品的潛在經銷商。本集團也將在香港、新加坡和泰國等地區尋找開發潛在的霸王涼茶產品經銷商。

本公司已經成功推廣了三種不同類別的產品。目前，我們集中資源打造已推出的新品牌，或把現有品牌進行提升。本公司並無任何正在洽談處理的收購事宜。而且，本公司暫時不會積極尋找潛在的收購機會。

首次公開招股所得款項淨額用途

上市於扣除有關開支後的所得款項淨額約為人民幣1,615百萬元。本公司已按照二零零九年六月二十二日的招股章程「未來計劃及所得款項用途」一節所披露的方式運用這些款項淨額。因此，截止二零

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of Proceeds". As such, the net proceeds utilized up to 31 December 2010 was as follows:

二零一零年十二月三十一日所得款項淨額用途相應如下：

		Net IPO proceeds 首次公開發售所得款項淨額		
		Available 可供動用 (RMB'000) (人民幣千元)	Utilised 已動用 (RMB'000) (人民幣千元)	Unutilised 未動用 (RMB'000) (人民幣千元)
Marketing and promotion	營銷及推廣	484,583	484,583	—
Research and development	設計、研究及 開發新產品	323,055	44,009	279,046
Expansion of distribution network	擴展及加強國內及 海外分銷網絡	290,750	290,750	—
Capital expenditure	資本開支	193,833	36,739	157,094
Future strategic acquisition	未來策略性收購	161,528	—	161,528
Working capital and other general corporate purpose	營運資金及其他 一般企業用途	161,528	161,528	—
Total		1,615,277	1,017,609	597,668

Liquidity, Financial Resources and Capital Structure

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

流動資金及財務資源

本集團採用保守的理財策略，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：

		2010 二零一零年 RMB in million 人民幣百萬元	2009 二零零九年 RMB in million 人民幣百萬元
Cash and cash equivalents	現金及現金等價物	1,186.5	1,742.5
Total bank and other borrowings ¹	銀行及其他借款總額 ¹	209.8	158.5
Total assets	集團總資產	2,033.4	2,544.3
The gearing ratio ²	資產負債率 ²	10.3%	6.2%

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Note:

1. The borrowings were wholly denominated in US Dollars in 2010 and in HK Dollars in 2009.
2. Calculate as interest-bearing borrowings divided by total assets

Material Acquisition and Disposal

The Group did not engage in any material acquisitions or disposal of any its subsidiaries or associated companies for 2010.

Exposure to Fluctuations in Exchange Rates and Related Hedge

The operations of the Group are mainly carried out in the PRC, with most transactions settled in Renminbi. The reporting currency of the Group is Renminbi. The Group has exported its goods to Hong Kong and certain Southeast Asian 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 2010, apart from a non-deliverable forward foreign exchange contract entered into with a licenced bank in Hong Kong to sell Renminbi for United States dollars, the Group had not issued any material financial instruments or entered into any material contracts for foreign currency hedging purposes. However, the Directors will continue to monitor the foreign exchange exposure and is prepared to take prudent measures such as hedging when required.

Contingent Liabilities

The Group had no material capital liabilities as at 31 December 2010.

備註：

1. 銀行及其他借款在二零一零年悉數以美元記值，在二零零九年則以港幣記值。
2. 資產負債率按計息借貸除以資產總額計算

重大收購及出售

本集團在二零一零年期間並無重大收購或出售其附屬及聯營公司的活動。

匯率波動風險及有關對沖

本集團主要在中國境內經營業務，大部分交易以人民幣結算，本集團的報告貨幣為人民幣。期內，本集團出口產品銷往香港和部份東南亞國家，交易以港幣和美元結算。本集團大部份現金及銀行存款以人民幣計值。本公司宣派股息時，亦以港元派付。此外，本集團以美元或港幣支付若干廣告費。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。於二零一零年十二月三十一日，除了與一家香港持牌銀行訂立之無本金交割遠期外匯交易以出售人民幣換取美金外，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

於二零一零年十二月三十一日，本集團並無重大或然負債。

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Capital Commitment

As at 31 December 2010, the capital commitment of the Group was amounted to 27.9 million.

Human Resources

As of 31 December 2010, the Group employed approximately 4,663 employees (including staff members and contract personnel) in the PRC and Hong Kong. Total personnel expenses, comprising wages, salaries and benefits, and equity-settled share-based payments, amounted to RMB143.7 million for 2010.

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

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

To enable our employees to reach their full potential, we are committed to staff training and development. In 2010, the Group organized 14 in-house training classes with approximately 701 participants in aggregate.

The Directors believe that the Group's human resources policies play a crucial part in 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.

資本承擔

於二零一零年十二月三十一日，本集團資本承擔總額為人民幣27.9百萬元。

人力資源

於二零一零年十二月三十一日，本集團在中國和香港僱有4,663名員工(包括我們的僱員及合約員工)。總體人事開銷包括工資、薪金、福利及以權益結算的股份支付費用，其於二零一零年度開銷金額達到人民幣143.7百萬元。

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

本集團員工分別參加中國的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和購股權計劃。

為了發掘我們員工潛力，我們致力於員工培訓和發展。二零一零年，本集團組織了14次內部培訓，參與人員約共701人次。

董事們深信本集團之人力資源政策對集團未來發展擔當重要角色。良好的職業前景、優厚的員工薪酬福利以及舒適的工作環境，可以使本集團維持一個穩定的工作團隊。

Directors and Senior Management

董事及高層管理人員

Directors

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

Name 姓名	Age 年齡	Position/Title 職位／職銜
Mr. CHEN Qiyuan 陳啟源先生	49	Chairman and Executive Director 主席兼執行董事
Ms. WAN Yuhua 萬玉華女士	45	Chief Executive Officer (“CEO”) and Executive Director 首席執行官兼執行董事
Mr. SHEN Xiaodi 沈小笛先生	45	Vice-CEO and Executive Director 首席副執行官兼執行董事
Mr. WONG Sin Yung 黃善榕先生	56	Chief Financial Officer and Executive Director 財務總監兼執行董事
Ms. GUO Jing 郭晶女士	44	Non-executive Director 非執行董事
Mr. NGAI Wai Fung 魏偉峰先生	49	Independent non-executive Director 獨立非執行董事
Mr. LI Bida 李必達先生	70	Independent non-executive Director 獨立非執行董事
Mr. CHEN Kaizhi 陳開枝先生	70	Independent non-executive Director 獨立非執行董事

Executive Directors

Mr. CHEN Qiyuan (陳啟源), aged 49, 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 17 years. Mr. CHEN and Ms. WAN entered the HPC product business by establishing Guangzhou Bawang Cosmetics Co., Ltd. (the predecessor entity of the Company) in 1994 forseeing the growth potential of the HPC product business in the PRC. Mr. CHEN was engaged in the trading of pesticides in the PRC before the establishment of Guangzhou Bawang Cosmetics Co., Ltd.. He has been serving as a research fellow in the Public Economics Academy of Peking University (北京大學公共經濟管理研究中心) since 2007. In November of 2010, Mr. CHEN Qiyuan was recognised as the “Representative Successor of Chinese Herbal Tea Culture” by the Guangdong Provincial Bureau of Culture. Mr. CHEN is the spouse of Ms. WAN.

董事

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

執行董事

陳啟源先生，49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17年，在中草藥家用個人護理產品行業擁有豐富經驗。考慮到家用個人護理產品業務在中國的增長潛力，陳先生及萬女士於一九九四年成立廣州霸王化妝品有限公司(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。彼自二零零七年始一直擔任北京大學公共經濟管理研究中心資深研究員。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」。陳先生為萬女士的配偶。

Directors and Senior Management

董事及高層管理人員

Ms. WAN Yuhua (萬玉華), aged 45, is the co-founder of our Group, our CEO and has been our executive Director since 12 November 2007. Ms. WAN is responsible for the overall strategic planning, marketing planning, sales and distribution and research and development of our Group. Ms. WAN has extensive experience in the Chinese herbal HPC product industry. She has over 16 years experience in the consumer chemical product industry in the PRC. She also has extensive experience in the sales and corporate management. Prior to the establishment of Guangzhou Bawang Cosmetics Co., Ltd. (the predecessor entity of the company), Ms. WAN worked in South China Botanical Garden, Chinese Academy of Sciences (中國科學院華南植物研究所) as an engineer. Ms. WAN has been serving as the deputy head of the Chamber of Beauty Culture & Cosmetics of All-China Federation of Industry & Commerce (中華全國工商業聯合會美容化妝品業商會) since 2008. She was also elected Charismatic Leader in Chinese Herbal Consumer Chemical Industry in China (中國中藥日化行業魅力領軍人物) by The Election Committee of the National Industry Leading Brand (全國行業領先企業品牌推選組委會) in 2008. Ms. WAN obtained Guangzhou Overseas Chinese Entrepreneurship Award (廣州新僑回國創業貢獻獎) in 2008 from Guangzhou Personnel Bureau (廣州人事局), a government body, and Guangzhou Overseas Chinese Federation (廣州市歸國華僑聯合會). Ms. WAN was elected Ten Excellent Entrepreneurs for Chinese Brand Building (中國品牌建設十大優秀企業家) by China Enterprise Culture Improvement Association in 2006. She was awarded a title for prominent entrepreneur of product safety by the organizing committee in 2010. She obtained a bachelor's degree in plant genetics from South China Agricultural University (華南農業大學) in 1998. Ms. WAN is the spouse of Mr. CHEN.

萬玉華女士，45歲，為本集團共同創辦人、我們的首席執行官，並自二零零七年十一月十二日出任我們的執行董事。萬女士負責本集團的整體策略規劃、營銷規劃、銷售和分銷及研究與開發。萬女士在中草藥家用個人護理產品行業擁有豐富經驗。彼在中國日化產品行業方面擁有超過16年經驗。彼對銷售及企業管理有豐富經驗。創立廣州霸王化妝品有限公司前，萬女士在中國科學院華南植物研究所工作，擔任工程師。自二零零八年，萬女士任中華全國工商業聯合會美容化妝品業商會副會長。彼亦於二零零八年獲全國行業領先企業品牌推選組委會選為「中國中藥日化行業魅力領軍人物」。萬女士於二零零八年取得廣州人事局（為政府機關）及廣州市歸國華僑聯合會頒發的「廣州新僑回國創業貢獻獎」。彼於二零零六年更獲中國企業文化促進會選為「中國品牌建設十大優秀企業家」。彼於二零一零年被食品安全亞運活動委員會評為「亞運食品安全傑出企業家」。萬女士於一九九八年在華南農業大學取得植物遺傳學學士學位。萬女士為陳先生的配偶。

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

Mr. SHEN Xiaodi (沈小笛), aged 45, is our vice-CEO and executive Director. Mr. SHEN joined our Group in January 2008 and was appointed as our executive Director on 10 December 2008. Mr. SHEN is responsible for the implementation of our Group's strategic plans and the daily operations and management of our Group. Prior to joining our Group, Mr. SHEN held a number of senior management roles, such as deputy chief engineer in high technology enterprises in the PRC and deputy general manager in asset management companies. He has more than 10 years experience in technology management, introduction of foreign capital and management of enterprises, which could benefit the Group by (i) efficiently and effectively managing the operation of the Group; (ii) implementing the new ERP systems; and (iii) facilitating the Group's future fund-raising activities and strategic investments. Mr. SHEN obtained a bachelor's degree in engineering in 1986 and a master's degree in engineering in 1989, both from Xi'an Jiaotong University (西安交通大學). He also obtained a doctorate degree in engineering and a post-doctor's research certificate in mathematics from Chinese Academy of Sciences (中國科學院) in 1994 and 1995, respectively. He was conferred a professional qualification as a deputy researcher by Institute of Applied Mathematics of Chinese Academy of Sciences (中國科學院應用數學研究所) in 1995. Mr. SHEN is the spouse of Ms. GUO Jing, our non-executive Director.

沈小笛先生，45歲，為我們的首席副執行官兼執行董事。沈先生於二零零八年一月加入本集團，並於二零零八年十二月十日獲委任為我們的執行董事。沈先生負責執行本集團的策略計劃及本集團的日常營運及管理。於加入本集團之前，沈先生曾擔任多個高級管理層職位，例如在中國高科技企業擔任副總工程師及在資產管理公司擔任副總經理。彼在科技管理、外資引入及企業管理方面擁有超過10年的經驗，能通過(i)有效管理本集團的經營；(ii)實施新ERP系統；及(iii)協助本集團日後籌集資金的活動及策略投資而令本集團受益。沈先生於一九八六年取得西安交通大學工學學士學位，並於一九八九年取得西安交通大學工學碩士學位。彼亦分別於一九九四年及一九九五年取得中國科學院工學博士學位及數學學科博士後證書。於一九九五年，彼獲頒授中國科學院應用數學研究所副研究員的專業資格。沈先生為我們的非執行董事郭晶女士的配偶。

Directors and Senior Management

董事及高層管理人員

Mr. WONG Sin Yung (黃善榕), aged 56, is our chief financial officer and executive Director. Mr. WONG joined our Group in April 2008 and was appointed as our executive Director on 10 December 2008. He is responsible for the finance management and control, accounting, auditing, company secretarial and investor relations of our Group. Prior to joining our Group, Mr. WONG was an executive director of China Ting Group Holdings Limited (華鼎集團控股有限公司) (03398), from 2005 to 2008, the shares of which are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Mr. WONG was the chief accountant and finance manager of Mark Wong & Associates (Industrial Consultants) Limited from 1988 to 1992 and from 1994 to 2003 respectively. He also worked for a certified public accountant firm from 1992 to 1994. Mr. WONG has over 27 years experience in corporate finance, accounting, auditing, corporation administration, and project consulting. He is an associate member of Hong Kong Institute of Certified Public Accountants. Mr. WONG obtained a master's degree in human resource management from Macquarie University in 1996 and a master's degree in business administration from the University of Hong Kong in 1999.

黃善榕先生，56歲，為我們的財務總監兼執行董事。黃先生於二零零八年四月加入本集團，並於二零零八年十二月十日獲委任為我們的執行董事。彼負責本集團的財務管理及監控、會計、審核、公司秘書及投資者關係。加入本集團之前，黃先生於二零零五年至二零零八年曾為華鼎集團控股有限公司(03398)(其股份於香港聯合交易所有限公司(以下簡稱「聯交所」)上市的執行董事。於一九八八年至一九九二年及一九九四年至二零零三年期間，黃先生在 Mark Wong & Associates (Industrial Consultants) Limited 擔任總會計師及財務經理。彼亦於一九九二年在一家執業會計師事務所工作。黃先生在企業融資、會計、審核、公司管理及項目諮詢方面擁有超過27年的經驗。彼為香港會計師公會會員。黃先生於一九九六年獲麥格理大學的人力資源管理碩士學位，於一九九九年獲香港大學工商管理碩士學位。

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

Non-executive Director

Ms. GUO Jing (郭晶), aged 44, was appointed as our non-executive Director on 10 December 2008. Prior to joining our Group, Ms. GUO was a senior accountant in a chartered accountants firm in Canada since 2006. From 2002 to 2005, she was a finance manager of FutureWay Enterprise Services Inc., a company providing business consulting, accounting and taxation services. From 1992 to 2001 Ms. GUO held various senior management positions including finance manager, deputy chief accountant, and chief accountant in Beijing Dali Integrated Business Company (北京市大力綜合商業公司). She has more than 15 years experience in strategic planning, corporate finance, internal financial control and management, professional accounting, and taxation services, which could benefit the Group by offering professional advice to the Board on the overall financial control and management of the Group. Ms. GUO obtained a bachelor's degree in biomedical engineering and instrumentation from Xi'an Jiaotong University (西安交通大學) in 1987 and a master's degree in internal combustion engineering from Beijing Institute of Technology (北京理工大學) in 1992. She was awarded a vocational qualification as an accountant by the PRC Ministry of Finance (中國財政部) in 1997. She is a member of Certified General Accountants Association of Canada. Ms. GUO is the spouse of Mr. SHEN Xiaodi, our executive Director.

非執行董事

郭晶女士，44歲，於二零零八年十二月十日獲委任為我們的非執行董事。在加入本集團前，郭女士自二零零六年起為加拿大一家特許會計師事務所的高級會計師。於二零零二年至二零零五年期間，擔任 FutureWay Enterprise Services Inc. (一家提供業務諮詢、會計及稅務服務的公司) 的財務經理。一九九二年至二零零一年期間，郭女士曾在北京市大力綜合商業公司擔任多項高級管理職位，包括出任財務經理、副總會計師及總會計師。彼於策略規劃、企業財務、內部財務監控及管理、專業會計及稅務服務擁有超過15年經驗，其經驗使彼能就本集團的整體財務監控及管理向董事會提供專業意見，此舉將會令本集團受益。郭女士於一九八七年獲西安交通大學工學學士學位，主修生物醫學工程及儀器專業，並於一九九二年獲北京理工大學工學碩士學位，主修內燃工程專業。一九九七年，彼獲中國財政部頒授的會計師職業資格。彼是加拿大註冊會計師協會會員。郭女士為我們的執行董事沈小笛先生的配偶。

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

Independent Non-executive Directors

Mr. NGAI Wai Fung (魏偉峰), aged 49, was appointed as our independent non-executive Director on 10 December 2008. He is currently the Managing Director of MNCOR Consulting Limited, a speciality corporate and compliance services provider to Companies in pre-IPO and post-IPO. Prior to that, he was the director and head of listing services of KCS Hong Kong Limited an independent integrated corporate services provider. He is and has been a vice president of the Hong Kong Institute of Chartered Secretaries since 2002. He is a member of the Association of Chartered Certified Accountants in the United Kingdom, a member of the Hong Kong Institute of Certified Public Accountants, a fellow of the Institute of Chartered Secretaries and Administrators and a fellow of the Hong Kong Institute of Chartered Secretaries. He obtained a master's degree in corporate finance from Hong Kong Polytechnic University in 2002 and a master's degree in business administration from Andrews University of Michigan in 1992. He is a doctoral candidate in finance at 上海財經大學 (Shanghai University of Finance and Economics). Mr. NGAI has over 18 years of senior management experience, most of which is in the areas of finance, accounting, internal control and regulatory compliance for issuers including major red chip companies. Mr. NGAI was an independent non-executive director and a member of the audit committee of China Life Insurance Company Limited (中國人壽保險股份有限公司) (02628) from 2006 to 2009, and is currently an independent non-executive director and a member of the audit committee of China Railway Construction Corporation Limited (中國鐵建股份有限公司) (01186), China Coal Energy Company Limited (中國中煤能源股份有限公司) (01898), Franshion Properties (China) Limited (方興地產(中國)有限公司) (0817) and SITC International Holdings Company Limited (海豐國際控股有限公司) (01308) and an independent non-executive director and the chairman of the audit committee of Bosideng International Holdings Limited (波司登國際控股有限公司) (03998), Powerlong Real Estate Holdings Limited (寶龍地產控股有限公司) (01238), Sany Heavy Equipment International Holdings Limited (三一重裝國際控股有限公司) (0631), Biostime International Holdings Limited (合生元國際控股有限公司) (01112) shares of which are listed on the Stock Exchange and/or the Shanghai Stock Exchange and/or the New York Stock Exchange.

獨立非執行董事

魏偉峰先生，49歲，於二零零八年十二月十日獲委任為我們的獨立非執行董事。彼現任一家為公司上市前及上市後提供專業合規諮詢服務的公司一萬年高顧問有限公司的董事總經理。在此之前，他曾擔任獨立運作綜合企業服務公司 KCS Hong Kong Limited 的董事兼上市服務部主管。自二零零二年起擔任香港特許秘書公會副會長。彼為英國特許公認會計師公會會員、香港會計師公會會員、特許秘書及行政人員公會資深會員及香港特許秘書公會資深會員。彼於二零零二年取得香港理工大學企業金融學碩士學位，於一九九二年獲得美國密茲根州安德魯大學工商管理碩士學位。彼現正在上海財經大學攻讀金融學博士課程。魏先生擁有超過18年高級管理層經驗，其中絕大部分經驗與上市公司(包括大型紅籌公司)的財務、會計、內部控制與合規工作相關。魏先生於二零零六年至二零零九年曾擔任中國人壽保險股份有限公司(02628)的獨立非執行董事及審核委員會成員，而目前為中國鐵建股份有限公司(01186)、中國中煤能源股份有限公司(01898)、方興地產(中國)有限公司(0817)及海豐國際控股有限公司(01308)的獨立非執行董事及審核委員會成員，以及波司登國際控股有限公司(03998)、寶龍地產控股有限公司(01238)、三一重裝國際控股有限公司(0631)及合生元國際控股有限公司(01112)的獨立非執行董事及審核委員會主席，上述公司的股份於聯交所及／或上海證券交易所及／或紐約證券交易所上市。

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

Mr. LI Bida (李必達), aged 70, was appointed as our independent non-executive Director on 10 December 2008. Prior to joining our Group, Mr. LI was the head of Department of Lawyers, the Ministry of Justice of the PRC (中國司法部律師司), currently known as Department of Directing Lawyers and Notarization, Ministry of Justice (司法部律師公証工作指導司), from 1988 to 1992. He was also an arbitrator in China International Economics and Trade Arbitration Commission (中國國際經濟貿易仲裁委員會) from 1989 to 1990. From 1992 to 1995, he served as standing deputy head of State Trademark Bureau (國家商標局). From 1992 to 2001, he held various positions in State Administration of Industry and Commerce (國家工商行政管理總局) including the head of the Fair Trading Bureau (公平交易局) and the head of Registration Bureau (企業註冊局). He was a consultant with a number of companies, including Galanz Group (格蘭仕集團) from 2001 to 2003, Perfect (China) Co., Ltd. (完美(中國)日用品有限公司), Nanfong Lee Kum Kee Co., Ltd. (南方李錦記有限公司) from 2001 to 2005, Ricoh China Co., Ltd. (理光(中國)投資有限公司) from 2005 to 2006, and NU Skin (China) Co., Ltd. (如新(中國)日用保健品有限公司) from 2006 to 2007. He is currently a member of the board of directors of Intellectual Property Institute of Peking University (北京大學知識產權學院), professor of Renmin University of China Law School (中國人民大學法律學院) and Capital University of Economics and Business (首都經濟貿易大學). Mr. LI obtained a bachelor's degree in law from Hubei University (湖北大學) in 1965.

Mr. CHEN Kaizhi (陳開枝), aged 70, was appointed as our independent non-executive Director on 8 April 2009. Prior to joining us, he held various governmental positions in Guangdong province from 1964 to 1998. He was promoted to executive vice mayor of Guangzhou in 1992 and deputy secretary of the Leading Party Group of Guangzhou Municipal Government (廣州市政府黨組副書記) in 1993. From 1998 to 2005, he was the chairman and secretary of the Leading Party Group of Guangzhou Political Consultative Conference (廣州市政協主席及黨組書記). Since his retirement from his governmental position in 2005, he held the position of vice president of China Foundation for Poverty Alleviation (中國扶貧基金會), a charitable organization in the PRC. He obtained a bachelor's degree in political education from South China Normal College (華南師範學院), which is the predecessor of South China Normal University (華南師範大學), in 1964.

李必達先生，70歲，於二零零八年十二月十日獲委任為我們的獨立非執行董事。在加入本集團之前，李先生於一九八八年至一九九二年期間為中國司法部律師司司長(現稱為司法部律師公証工作指導司)。彼於一九八九年至一九九零年期間為中國國際經濟貿易仲裁委員會仲裁員。於一九九二年至一九九五年期間，彼任職國家商標局常務副局長。一九九二年至二零零一年期間，彼在國家工商行政管理總局擔任不同職位，包括公平交易局局長及企業註冊局局長。彼曾為多家公司的顧問，包括二零零一年至二零零三年期間擔任格蘭仕集團的顧問、二零零一年至二零零五年期間擔任完美(中國)日用品有限公司、南方李錦記有限公司的顧問、二零零五年至二零零六年期間擔任理光(中國)投資有限公司的顧問及於二零零六至二零零七年期間擔任如新(中國)日用保健品有限公司的顧問。彼目前擔任北京大學知識產權學院董事會董事、中國人民大學法律學院及首都經濟貿易大學教授。李先生於一九六五年獲湖北大學法學學士學位。

陳開枝先生，70歲，於二零零九年四月八日獲委任為我們的獨立非執行董事。在加入本集團之前，彼於一九六四年至一九九八年期間在廣東省擔任多個政府職位。彼於一九九二年晉升為廣州市常務副市長，並於一九九三年晉升為廣州市政府黨組副書記。自一九九八年至二零零五年，彼為廣州市政協主席及黨組書記。於二零零五年退任政府職位後，彼擔任中國扶貧基金會(一家中國的慈善機構)的副會長。彼於一九六四年取得華南師範學院(華南師範大學前身)政治教育專業學士學位。

Corporate Governance Report

企業管治報告

Code on corporate governance practices

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

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

Reference is made to the announcement of the Company dated 25 February 2011 with respect to certain previous continuing connected transactions of the Company. In order to prevent the occurrence of similar incidents in the future, the Company has taken steps to strengthen the internal controls over the procurement, accounting and payment cycles of all transaction with connected persons and to conduct training sessions for its management teams so as to reinforce the importance of compliance with the requirements of the Listing Rules governing connected transactions.

Directors’ securities transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) as contained in Appendix 10 to the Listing Rules as the standards for the directors’ dealings in the securities of the Company. Having made specific enquiry with all Directors, the Company confirms that the Directors have complied with the required standard set out in the Model Code for the year ended 31 December 2010.

Board of directors

The Board comprises eight members, including Chairman, Chief Executive Officer (“CEO”), Vice-CEO, Chief Financial Officer, one Non-executive Director and three Independent Non-executive Directors. Biographical details of the Directors are set out in the section headed Directors and Senior Management Profiles on pages 29 to 35 of this annual report.

企業管治常規守則

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

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

參考本公司於二零一一年二月二十五日所公佈的過往持續關聯交易。為防止類似事件的再次發生，本公司已採取措施加強與關聯人士所有交易相關之採購、入賬及付款流程的內部控制，及對管理團隊進行培訓，以加強他們對關聯交易的相關規則及條例的認識。

董事進行證券交易

本公司已經採用香港上市規則附錄十所載上市公司董事進行證券交易的標準守則（「標準守則」）作為各董事買賣本公司證券的交易標準。本公司在向各董事作出特定查詢後確認，截至二零一零年十二月三十一日止年度，各董事均遵從標準守則訂明的標準。

董事會

董事會由八位成員組成，其中包括主席、首席執行官、首席副執行官、財務總監、一位非執行董事及三位獨立非執行董事。各董事之履歷載於第29頁至第35頁董事及高級管理層簡介。

Corporate Governance Report 企業管治報告

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.

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

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

Four board meetings were held in 2010 and all Directors attended these four meetings.

Remuneration Committee

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

Two remuneration committee meetings were held in 2010. During the meetings, the committee members reviewed the Group's remuneration policy and made recommendations to the Board. All committee members attended these two meetings.

董事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。

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

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

二零一零年期間，召開四次董事會會議，所有董事都有出席上述四次會議。

薪酬委員會

薪酬委員會由我們的執行董事萬女士及兩名獨立非執行董事，即李必達先生及陳開枝先生組成。萬女士為薪酬委員會主席。薪酬委員會的主要職責乃就本集團全體董事及高級管理層人員的整體薪酬政策及架構向董事會作出推薦建議；審閱以表現釐定的薪酬；以及確保我們的董事概無釐訂本身的薪酬。

二零一零年期間，召開兩次薪酬委員會會議。會議期間，本委員會成員已審閱本集團薪酬政策並向董事會提出建議。所有委員都有出席上述兩次會議。

Nomination Committee

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

Two nomination committee meetings were held in 2010. During the meetings, the committee members review the senior management structure of the Group. All committee members attended these two meetings.

Audit Committee

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

The written terms of reference which describes the authority and duties of the audit committee were prepared and adopted with reference to the Code and “A Guide for the Formation of an Audit Committee” published by the Hong Kong Institute of Certified Public Accountants, the audit committee is required, amongst other things, to oversee the relationship with the external auditors, to review the Group’s interim and annual results, to review the scope, extent and effectiveness of internal controls of the Group, to review accounting policies and practices adopted by the Group, to engage independent legal or other advisers as it determines necessary and to perform investigations.

提名委員會

提名委員會由我們的執行董事萬女士及兩名獨立非執行董事，即李必達先生及陳開枝先生組成。萬女士為提名委員會主席。提名委員會的主要職責為就填補董事會空缺向董事會作出推薦建議。

二零一零年期間，召開兩次提名委員會會議。會議期間，本委員會成員已審閱本集團高級管理層架構。所有委員都有出席上述兩次會議。

審核委員會

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

審核委員會之書面職權範圍列明審核委員會之權力與職責，乃參照香港會計師公會發出之「成立審核委員會之指引」而編製和採納的其職權範圍，審核委員會的職責，其中包括監察與外聘核數師的關係、審閱集團的中期業績與年度業績、檢討集團內部控制的範疇、規限與有效性，審閱集團所採用的會計政策及處理方法，在認為有需要時委聘獨立的法律或其他顧問，以及進行調查。

Corporate Governance Report 企業管治報告

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

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

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

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

Four audit committee meetings were held in 2010. All committee members attended these four meetings.

在本年度內，審核委員會進行了下列各項：

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

審核委員會已與管理層和外部核數師審閱年度報告，並建議董事會採納。

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

二零一零年期間，召開四次審核委員會會議，所有委員都有出席上述四次會議。

Directors' responsibilities for financial statements

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

A statement from the auditor of the Company about their reporting responsibilities on the financial statements of the Group is set out on pages 57 to 58 of the annual report.

Internal control and risk management

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

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

Investor relations and communication with shareholders

The Company establishes different communication channels with Shareholders and investors: (i) dispatching printed copies of corporate communication documents to Shareholders; (ii) the annual general meeting provides a forum for Shareholders to raise comments and exchange views with the Board; (iii) latest and key information of the Group are available on the website of the Company; (iv) regular press conferences and briefing meetings with investors, Shareholders and analysts are set up from time to time on updated information of the Group, and; (v) the Company's registrars serve the Shareholders respecting all share registration matters.

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二零一零年十二月三十一日止年度合併財務報表的申報責任所做的聲明載於本年報第57至58頁。

內部監控及風險管理

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

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

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。

Corporate Governance Report

企業管治報告

Compliance Adviser

For the purpose of and in compliance with Rule 3A.19 of the Listing Rules, the Company has appointed Kingsway Capital Limited as its compliance adviser for the period from 3 July 2009, being the date on which the Shares first commence trading on the Stock Exchange and to the date on which the Company dispatched its annual report in respect its financial results for the full financial year after the date on which the trading in the shares of the Company (the “Shares”) on the Stock Exchange (the “Listing Date”).

Independent External Auditor

The remuneration paid/payable to the Company’s independent external auditor, KPMG, for the year ended 31 December 2010 in relation to audit service are RMB1.25 million.

合規顧問

為符合上市規則第3A.19條條例的規定，本公司已任命滙富融資有限公司為合規顧問，委任年期將由本公司之股份於聯交所開始買賣的日期(以下簡稱「上市日」)開始，並與本公司派發其於上市日期後的首個完整財政年度的年報當日結束。

核數師薪酬

截至二零一零年十二月三十一日止年度，本公司已付／應付核數師畢馬威華振會計師事務所有關核數服務的薪酬為人民幣1.25百萬元。

Report of the Directors

董事會報告

The Directors submit the Report of Directors together with the audited consolidated financial statements for the year ended 31 December 2010.

Principal activities

The principal activities of the Group are the designing, manufacturing, trading and distribution of Chinese herbal products, including shampoo products, hair-care products, skin-care products, herbal tea products and household cleaning products. The principal activities and other particulars of the subsidiaries are set out on pages 107 to 109 of this annual report.

Results and Appropriations

The results of the Group for the year ended 31 December 2010 are set out in the consolidated profit and loss account on page 59 of this annual report.

Reserves

Details of the movements in the reserves of the Company and the Group during the financial year 2010 are set forth in note 22(d) to the financial statements of this annual report.

Distributable reserves

As at 31 December 2010, the Company's reserves available for distributions amounted to RMB1,340.0 million.

Major customers and suppliers

During the financial year ended 31 December 2010, sales made to the Group's top five customers and the largest customer accounted for approximately 8.6% and 3.8% respectively of the total sales of the Group. The Group purchased approximately 37.6% and 13.5% respectively of its goods and services from its five largest suppliers and the largest suppliers.

董事呈列董事會報告，連同截至二零一零年十二月三十一日止財政年度的經審核財務報表。

主要業務

本集團之主要業務是設計、製造、銷售中草藥產品，包括洗髮產品、護髮產品、護膚產品、中草藥飲品以及家庭清潔產品。各附屬公司之主要業務及其他詳情載列於本年報第107至109頁。

業績及分配

本年度截至二零一零年十二月三十一日止年度之集團業績載於第59頁之合併損益表內。

儲備

有關本公司及本集團於二零一零年財政年度的儲備變動，詳情載於本年報財務報表附註22(d)。

可供分派儲備

於二零一零年十二月三十一日，本公司的可供分派儲備為人民幣1,340.0百萬元。

主要客戶及供應商

截至二零一零年十二月三十一日止財政年度，本集團向五大客戶及最大客戶銷售所得的銷售額分別佔本集團總銷售額約8.6%及3.8%。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37.6%和13.5%。

Report of the Directors 董事會報告

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

Financial summary

A summary of the results and of the assets and liabilities of the Group for the latest five financial years is set out on page 155 of this annual report.

Property, plant and equipment

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

Share capital and share options

Details of the movements in the share capital of and the share options granted by the Company are set forth in note 22(c) and note 20(b) to the financial statements.

Pre-emptive Rights

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

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

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

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

財務概要

本集團於最近五個財政年度之業績及資產與負債概覽要載於本年報第155頁。

物業、廠房及設備

有關本集團物業、廠房及設備的變動，詳情載於財務報表附註12。

股本及購股權

有關本公司股本及已授出購股權的變動，詳情載於財務報表附註22(c)及附註20(b)。

優先購買權

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

購入、出售或贖回本公司之上市證券

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

Report of the Directors

董事會報告

Sufficiency of public float

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the latest practicable date prior to issue of this annual report, the Company has maintained the prescribed public float during the year ended 31 December 2010 and up to the date of this annual report as required under the Listing Rules.

Charitable donations

Charitable donations made by the Group during the year ended 31 December 2010 amounted to RMB1.4 million.

Directors

The Directors during the financial year were:

Executive Directors

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

Non-Executive Director

Ms. GUO Jing

Independent Non-Executive Directors

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

Details of the Directors' biographies have been set out on pages 29 to 35 of the annual report.

In accordance with articles 84(1) of the Articles, Mr. CHEN Qiyuan will retire and being eligible, offer himself for re-election at the forthcoming Annual General Meeting.

足夠公眾持股量

按本公司可公開獲得之資料及就董事所知，於本報告刊發前之最後可行日期，本公司於年內及截至本報告日期止一直維持上市規則指定數額之公眾持股量。

慈善捐款

本集團於二零一零年度的慈善捐款為人民幣1.4百萬元。

董事

於本財政年度內之董事如下：

執行董事

陳啟源先生(主席)
萬玉華女士
沈小迪先生
黃善榕先生

非執行董事

郭晶女士

獨立非執行董事

魏偉峰先生
李必達先生
陳開枝先生

本公司董事之履歷詳情載於本年報第29至35頁。

根據本公司組織章程細則第84(1)條，陳啟源先生於應屆股東大會上退任，彼符合資格並願意應選連任。

Report of the Directors 董事會報告

In accordance with articles 83(3) of the Articles, Ms. GUO Jing and Mr. NGAI Wai Fung will retire and being eligible, offer themselves for re-election at the forthcoming annual general meeting.

Directors' Service Contracts

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

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

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

Confirmation of independence

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

根據本公司組織章程細則第83(3)條，郭晶女士和魏偉峰先生於應屆股東大會上退任，彼等符合資格並願意應選連任。

董事服務合約

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

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

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

獨立性之確認

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

Report of the Directors

董事會報告

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

As at 31 December 2010, the Directors and chief executive of the Company had the following interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "SFO"), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they had taken or deemed to have under such provisions of the SFO); or (b) to be and were entered into the register that was required to be kept by the Company pursuant to section 352 of the SFO; or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"):

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

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

截止二零一零年十二月三十一日，董事及本公司行政人員於本公司及其相聯法團（按證券及期貨條例第XV部的涵義的股份、相關股份或債券證中，擁有(a)根據證券及期貨條例第XV部第7及第8分部的規定須知會本公司及聯交所的權益及／或淡倉（包括彼等更具上述證券及期貨條例該等條文被當做或視作擁有的權益及淡倉），(b)或根據證券及期貨條例第352條規定須登記於需存置的登記冊內的權益及淡倉，(c)或根據上市規則規定須知會本公司及香港聯交所的權益及淡倉如下：

於本公司及其相聯法團的股份和相關股份中之權益

Name of director 董事名稱	Class of Shares 好／淡倉	Nature of interest 權益性質	Number of shares/ underlying shares held 股份及相關 股份數目	Approximate percentage of issued share capital 持股百分比
CHEN Qiyuan 陳啟源	Ordinary 好倉	Corporate (Note 1) 公司(附註1)	1,900,840,000	65.37%
WAN Yuhua 萬玉華	Ordinary 好倉	Corporate (Note 2) 公司(附註2)	1,900,840,000	65.37%
SHEN Xiaodi 沈小笛	Ordinary 好倉	Personal 個人	1,680,000	0.06%
WONG Sin Yung 黃善榕	Ordinary 好倉	Personal 個人	1,260,000	0.04%
GUO Jing 郭晶	Ordinary 好倉	Personal (Note 3) 個人(附註3)	1,680,000	0.06%

Report of the Directors 董事會報告

Notes:

1. CHEN Qiyuan is deemed to be interested in the shares held by Fortune Station Ltd. by virtue of Fortune Station Ltd. being controlled by CHEN Qiyuan and WAN Yuhua. CHEN Qiyuan, the spouse of WAN Yuhua, is deemed to be interested in WAN Yuhua's interests in Fortune Station Ltd.
2. WAN Yuhua is deemed to be interested in the shares held by Fortune Station Ltd. by virtue of Fortune Station Ltd. being controlled by WAN Yuhua and CHEN Qiyuan. WAN Yuhua, the spouse of CHEN Qiyuan, is deemed to be interested in CHEN Qiyuan's interests in Fortune Station Ltd.
3. GUO Jing, the spouse of SHEN Xiaodi, is deemed to be interested in the options granted to SHEN Xiaodi under the Pre-IPO Share Option Scheme.

Other than as disclosed above, as at 31 December 2010, so far as known to any Directors or chief executive of the Company, neither the Directors nor the chief executive of the Company, had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they had taken or deemed to have under such provisions of the SFO); or (b) to be and were entered into in the register that was required to be kept by the Company pursuant to Section 352 of the SFO; or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

附註：

1. 憑藉 Fortune Station Ltd. 為陳啟源及萬玉華所控制，陳啟源被視為擁有 Fortune Station Ltd. 所持有的股份的權益。萬玉華的配偶陳啟源被視為於萬玉華在 Fortune Station Ltd. 的權益中擁有權益。
2. 憑藉 Fortune Station Ltd. 為萬玉華及陳啟源所控制，萬玉華被視為擁有 Fortune Station Ltd. 所持有的股份的權益。陳啟源的配偶萬玉華被視為於陳啟源在 Fortune Station Ltd. 的權益中擁有權益。
3. 沈小笛的配偶郭晶被視為擁有根據首次公開發售前購股權計劃授予沈小笛的購股權的權益。

除上述披露的人員之外，截止二零一零年十二月三十一日，目前所知的任何董事及本公司最高行政管理人員，無論是董事或者是本公司行政人員，於本公司及其相連法團（按證券及期貨條例第XV部的涵義）的股份、相關股份或債券證中，擁有(a)根據證券及期貨條例第XV部第7及第8分部的規定須知會本公司及聯交所的權益及／或淡倉（包括彼等更具上述證券及期貨條例該等條文被當做或視作擁有的權益及淡倉），(b)或根據證券及期貨條例第352條規定須登記於需存置的登記冊內的權益及淡倉，(c)或根據上市規則規定須知會本公司及香港聯交所的權益及淡倉。

Report of the Directors 董事會報告

Interests and short positions of substantial shareholders of the Company

As at 31 December 2010, so far as known to any Director or chief executive of the Company, shareholders (other than a Director or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company as recorded in the register that was required to be kept pursuant to Section 336 of the SFO were as follows:

本公司主要股東的權益及淡倉

截止二零一零年十二月三十一日，以下人士（非本公司董事或最高行政人員）於股份或相關股份中擁有根據證券及期貨條例第XV部第2及3分部的規定須向本公司和聯交所披露的權益或淡倉，或根據證券及期貨條例第336條規定須登記於需存置的登記冊內的權益或淡倉：

Name of shareholder 股東名稱	Nature of interest 權益性質	Number of shares held 股份數目	Approximate percentage of issued share capital 持股百分比
Fortune Station Ltd.	Corporate	1,900,840,000 (L)	65.37%
Fortune Station Ltd.	公司		
CHEN Qiyuan	Corporate (Note 1)	1,900,840,000 (L)	65.37%
陳啟源	公司(附註1)		
WAN Yuhua	Corporate (Note 2)	1,900,840,000 (L)	65.37%
萬玉華	公司(附註2)		
Deutsche Bank AG	Corporate (Note 3)	231,557,209 (L)	7.96%
德意志銀行股份有限公司	公司(附註3)		

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

L – 好倉，S – 淡倉

Notes:

附註：

- CHEN Qiyuan is the beneficial owner of 51.0% of the issued share capital of Fortune Station Ltd. and is deemed to be interested in the shares held by Fortune Station Ltd. CHEN Qiyuan, the spouse of WAN Yuhua, is deemed to be interested in WAN Yuhua's interests in Fortune Station Ltd.
- WAN Yuhua is the beneficial owner of 49.0% of the issued share capital of Fortune Station Ltd. and is deemed to be interested in the shares held by Fortune Station Ltd. WAN Yuhua, the spouse of CHEN Qiyuan, is deemed to be interested in CHEN Qiyuan's interests in Fortune Station Ltd.
- Deutsche Bank AG is a global financial service company and is listed on both the Frankfurt and the New York stock exchanges.

- 陳啟源為 Fortune Station Ltd. 已發行股本的 51.0% 實益擁有人，並被視為於 Fortune Station Ltd. 持有的股份中擁有權益。萬玉華的配偶陳啟源被視為於萬玉華在 Fortune Station Ltd. 的權益中擁有權益。
- 萬玉華為 Fortune Station Ltd. 已發行股本的 49.0% 實益擁有人，並被視為於 Fortune Station Ltd. 持有的股份中擁有權益。陳啟源的配偶萬玉華被視為於陳啟源在 Fortune Station Ltd. 的權益中擁有權益。
- 德意志銀行股份有限公司是一家環球金融服務公司，它同時在法蘭克福和紐約兩個交易所上市。

Report of the Directors 董事會報告

Other than as disclosed above, as at 31 December 2010, the Company has not notified by any person (other than a Director or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept pursuant to Section 336 of the SFO.

Share option scheme and Pre-IPO share option scheme

Share option scheme

The Company has adopted two share option schemes, a share option scheme dated on 8 June 2009 (the "Share Option Scheme") and the Pre-IPO Share Option Scheme, the purpose of which is to give the Directors, senior management and employees an opportunity to have a personal stake in the Company and help motivate its employees to optimise their performance and efficiency, and also to retain employees whose contributions are important to the long-term growth and profitability of the Group. As at 31 December 2010, no options have been granted or agreed to be granted by the Company under the Share Option Scheme.

截止二零一零年十二月三十一日，除上文所披露人士之外本公司沒有任何人士（非本公司董事或最高行政人員）於股份或相關股份中擁有根據證券及期貨條例第XV部第2及3分部的規定須向本公司和聯交所披露的權益或淡倉，或根據證券及期貨條例第336條規定須登記於需存置的登記冊內的權益或淡倉。

購股權計劃及首次公開發售前購股權計劃

購股權計劃

本公司已經採用了兩種股權激勵計劃，也就是於二零零九年六月八日授出的購股權計劃（「購股權計劃」）和首次公開發售前購股權計劃，目的在於為公司董事、高級管理人員和僱員提供一個機會擁有公司股票，以激勵他們表現地更好及更有效率，並以此挽留那些為集團的長遠增長及盈利能力做出重大貢獻的員工。截至二零一零年十二月三十一日，本公司還沒有根據購股權計劃授予或同意授予任何購股權。

Report of the Directors 董事會報告

Pre-IPO Share Option Scheme

A total of 4,200,000 pre-IPO share options were granted to two executive Directors on 8 June 2009, which was partially exercised as at 31 December 2010 and the details are as follows:

Name of director 董事名稱	Date of grant 授權日	Exercise price (HKD) 行權價 (港元)	Number of share options 股份期權數目			As at 31 December 2010 截至 二零一零年 十二月三十一日	Approximate percentage of issued share capital of the Company (%) 佔本公司已發行股本 的概約百分比 (%)	Exercise Period 行權期間
			As at 1 January 2010 截至 二零一零年 一月一日	Granted during the period 期間 授予數目	Exercised during the period 期間 行權數目			
SHEN Xiaodi 沈小笛	8 June 2009 二零零九年 六月八日	Par Value 面值	420,000	—	420,000	1,680,000	0.06	4 July 2010 to 8 June 2019 二零一零年七月四日至 二零一零年六月八日
		Par Value 面值	420,000	—	—			4 July 2011 to 8 June 2019 二零一一年七月四日至 二零一零年六月八日
		Par Value 面值	420,000	—	—			4 July 2012 to 8 June 2019 二零一二年七月四日至 二零一零年六月八日
		Par Value 面值	420,000	—	—			4 July 2013 to 8 June 2019 二零一三年七月四日至 二零一零年六月八日
		Par Value 面值	420,000	—	—			4 July 2014 to 8 June 2019 二零一四年七月四日至 二零一零年六月八日
WONG Sin Yung 黃善榕	8 June 2009 二零零九年 六月八日	Par Value 面值	840,000	—	840,000	1,260,000	0.04	4 July 2010 to 8 June 2019 二零一零年七月四日至 二零一零年六月八日
		Par Value 面值	315,000	—	—			4 July 2011 to 8 June 2019 二零一一年七月四日至 二零一零年六月八日
		Par Value 面值	315,000	—	—			4 July 2012 to 8 June 2019 二零一二年七月四日至 二零一零年六月八日
		Par Value 面值	315,000	—	—			4 July 2013 to 8 June 2019 二零一三年七月四日至 二零一零年六月八日
		Par Value 面值	315,000	—	—			4 July 2014 to 8 June 2019 二零一四年七月四日至 二零一零年六月八日
Grand Total 授予總數			4,200,000	—	1,260,000	2,940,000	0.10	

Apart from the above, options to subscribe for totalling 10,332,000 Shares under the Pre-IPO Share Option Scheme were granted to 40 employees of the Group on 8 June 2009. Of which, options to subscribe for totalling 420,000 Shares

首次公開發售前購股權計劃

於二零零九年六月八日，公司給與兩名執行董事合共4,200,000股的首次公開發售前購股權，截止二零一零年十二月三十一日，該購股權已部分被行使，其明細如下：

除此以外，在二零零九年六月八日，根據首次公開發售前購股權計劃，總共有10,332,000股股份的購股權分配給了本集團40名僱員。其中，之前授予兩名僱

previously granted to two employees were forfeited in August 2009 and April 2010 respectively. As at 31 December 2010, there was a balance of unexpired and unexercised options to subscribe for 8,351,280 Shares for 38 employees. Except for the options which had been granted, no further options were granted as at 31 December 2010. Details of the valuation of Pre-IPO Share Option Scheme are set out in Note 20 under the section headed “Notes to the Financial Statements” to this annual report. The value of options are subjective and uncertain as such values are subject to a number of assumptions and limitations of the valuation model.

Continuing connected transactions

A. For the year ended 31 December 2010, the Group had the following non-exempt connected transactions and had complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules:

1. Production and Office Premises Lease Agreement Bawang (Guangzhou) Co., Ltd (“Bawang Guangzhou”) entered into a production and office premises lease agreement with Guangzhou Bawang Cosmetics Co., Ltd (“Guangzhou Bawang”) dated 22 January 2008, pursuant to which Bawang Guangzhou agreed to lease from Guangzhou Bawang a production premises and an office premises, both located in Baiyun District, Guangzhou, the PRC (the “Production and Office Premises Lease Agreement”). The term of the Production and Office Premises Lease Agreement is three years commencing from 4 December 2007. The monthly rent is approximately RMB184,000 and is fixed throughout the term of the lease. We have also been granted a right of first refusal to purchase the production premises and office premises under the Production and Office Premises Lease Agreement. The Production and Office Premises Lease Agreement is renewable at the option of Bawang Guangzhou by giving one month notice prior to the expiry of the lease. The agreement has been renewed on 21 January 2011 for a term of three years commencing from 4 December 2011, and the articles is maintained.

員總共420,000股股份的購股權，分別在二零零九年八月和二零一零年四月被取消。截止二零一零年十二月三十一日，尚未到期並未被行使的購股權餘額是8,351,280股。除了上述已經授出的購股權，截至二零一零年十二月三十一日，再無任何購股權授出。股份期權計劃的估值詳見財務報告附註20。該估值相當主觀和難以預計，要視乎所用的多項假設，也受計算模式的限制。

持續關聯交易

A. 根據上市規則第14A條，截止二零一零年十二月三十一日，本集團有下列非豁免關聯交易。

1. 生產廠房及辦公樓租賃協議霸王(廣州)有限公司(以下簡稱「霸王廣州」)於二零零八年一月二十二日與廣州霸王化妝品有限公司(以下簡稱「廣州霸王」)訂立一份生產廠房及辦公樓租賃協議，據此，霸王廣州同意向廣州霸王租用位於中國廣州白雲區的生產廠房及辦公樓，其租期自二零零七年十二月四日起，為期三年。月租約為人民幣184,083元，並在租賃期內保持不變。根據生產廠房及辦公樓租賃協議，我們亦獲授購買生產廠房及辦公樓的優先權。生產廠房及辦公樓租賃協議可由霸王廣州於租賃屆滿前發出一個月通知予以續約。該合同於二零一一年一月二十一日簽署續租三年至二零一三年十二月三日，條件維持不變。

For the year ended 31 December 2010, pursuant to the Production and Office Premises Lease Agreement, the annual rent paid by Bawang Guangzhou to Guangzhou Bawang was approximately RMB2.2 million.

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

2. Packaging Material Supply Agreement

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

For the year ended 31 December 2010, pursuant to the Packaging Material Supply Agreement, the annual transaction amount for the supply of packaging material by Chenming Paper to Bawang Guangzhou was approximately RMB9.0 million.

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

截至二零一零年十二月三十一日，根據生產廠房及辦公樓租賃協議，霸王廣州支付廣州霸王的年度租金約人民幣2.2百萬元。

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

2. 包裝物料供應協議

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

截至二零一零年十二月三十一日，根據包裝物料供應協議，霸王廣州與廣州晨明紙品有限公司全年交易額約為人民幣9.0百萬元。

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

3. Toothpaste Container Supply Agreement

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

For the year ended 31 December 2010, the annual transaction amount for the supply of toothpaste containers by Qiancai Packaging to Bawang Guangzhou was approximately RMB2.7 million.

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

- B. For the year ended 31 December 2010, the Group also entered into non-exempted connected transactions as disclosed in an announcement (the “Announcement”) of the Company dated 25 February 2011.

Qiancai Packaging Supply Agreement

During the period from 1 June 2010 to 30 September 2010, Bawang (China) Beverage Co., Ltd. (“Bawang Beverage”) purchased certain packaging materials, such as carton boxes and paper boards from Qiancai Packaging. Details of the transactions were disclosed in the Announcement. The total transaction amount for the supply of packaging materials by Qiancai Packaging to

3. 牙膏軟管供應協議

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

截至二零一零年十二月三十一日，根據牙膏軟管供應協議，霸王廣州與倩采包裝材料全年交易額約為人民幣2.7百萬元。

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

- B. 截至二零一零年十二月三十一日，本集團發生下列非豁免關聯交易，其已於二零一一年二月二十五日本公司公佈的公告(以下簡稱「公告」)中披露。

倩采包裝供應協議

於二零一零年六月一日至二零一零年九月三十日期間，霸王(中國)飲料有限公司(以下簡稱「霸王飲料」)向倩采包裝採購包裝材料，例如紙箱及紙板。本採購交易詳情已於公告中披露。根據包裝材料供應協議，霸王飲料與倩采包裝的

Report of the Directors

董事會報告

Bawang Beverage was approximately RMB2.5 million. Since 30 September 2010, Bawang Beverage has ceased all purchases from Qiancai Packaging.

Mr. CHEN Qiyuan is a director of the Company. A majority equity interest in Qiancai Packaging is owned by Ms. Wu Xiaotao, who is Mr. CHEN's sister-in-law. The transactions were therefore considered as connected transactions for the Company under the Listing Rules.

交易總額約為人民幣2.5百萬元。自二零一零年九月三十日起，霸王飲料已經終止與倩采包裝的所有採購交易。

陳啟源先生是本公司的董事。倩采包裝的絕大多數權益由吳女士擁有，而吳女士是陳先生的弟媳。因此，根據上市規則，本交易構成本公司的關聯交易。

Confirmations

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

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

The auditor has the following conclusions in his letter on continuing connected transactions disclosed by the Group:

- a. nothing has come to his attention that causes him to believe that the disclosed continuing connected transactions have not been approved by the Company's board of directors. The auditor draw to the attention of the board of directors that the continuing connected transactions entered into by Bawang Beverage with

確認

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

本公司核數師已獲聘請根據香港會計師公會頒佈的鑒證業務準則第3000號《審核或審閱歷史財務資料以外的鑒證業務》，及參考執業指引第740號《根據香港上市規則出具的關連交易核數師函件》以滙報本集團的關連交易。核數師已根據主板上市規則第14A.38條出具了函件，該函件載有核數師對本集團已披露的關連交易的結論。本公司已將有關之核數師函件副本送呈香港聯合交易所有限公司。

核數師在其函件中關於本集團已披露的關連交易之結論如下：

- a. 沒有注意到任何事項致使他們認為本公司董事會並未批准所披露的持續關連交易。核數師提請本公司董事會注意，霸王飲料與倩采包裝在截至二零一零年十二月三十一日止年度所進行的持續關連交易（「採購

Report of the Directors 董事會報告

Qiancai Packaging (“the Purchase Transactions”) during the year ended 31 December 2010 were approved by the Company’s board of directors on 25 February 2011.

- b. for transactions involving the provision of goods or services by the Group, nothing has come to his attention that causes him to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group.
- c. nothing has come to his attention that causes him to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions.
- d. except for the Purchase Transactions, with respect to the aggregate amount of each of the continuing connected transactions as disclosed above, nothing has come to his attention that causes him to believe that the disclosed continuing connected transactions have exceeded the maximum aggregate annual value disclosed in the Company’s prospectus dated 22 June 2009 (“the Prospectus”) made by the Company in respect of each of the disclosed continuing connected transactions. A maximum aggregate annual value had not been pre-determined by the Company when the Purchase Transactions were entered into during the year ended 31 December 2010. Accordingly, no maximum aggregate annual value has been disclosed by the Company with respect to the Purchase Transactions in the Prospectus and in any announcement made by the Company during 2010.

Directors’ interests in contracts of significance

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

Directors’ and Controlling Shareholders’ interest in competing business

As at 31 December 2010, none of the Directors and their respective associates (as defined in the Listing Rules) or the controlling shareholders of the Company (as defined in the Listing Rules) had any interest in a business, which competes or may compete with the business of the Group.

交易」)於二零一一年二月二十五日獲本公司董事會批准。

- b. 對於本集團提供貨物或服務的持續關連交易，沒有注意到任何事項致使他們認為，持續關連交易沒有在所有重大方面按照本集團的定價政策進行。
- c. 沒有注意到任何事項致使他們認為，持續關連交易沒有在所有重大方面按照相關協議執行。
- d. 除了採購交易，在上述所列各項持續關連交易的交易總額方面，沒有注意到任何事項致使他們認為，所披露持續關連交易的年度交易總額已超過本公司在二零零九年六月二十二日的招股說明書(「招股說明書」)中，所披露的各項持續關連交易年度上限。當在截至二零一零年十二月三十一日止年度發生採購交易時，本公司並沒有為其預先設定年度交易上限。因此，本公司沒有在招股說明書或二零一零年所作出的任何公告中，披露採購交易的年度交易上限。

董事之合約權益

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

董事及控股股東於競爭業務的權益

於二零一零年十二月三十一日，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。

Report of the Directors

董事會報告

Retirement schemes

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

Corporate governance

In respect of the year ended 31 December 2010, save as disclosed in the corporate governance report on pages 36 to 41 of the annual report, all the code provisions set out in the Code of Corporate Governance Practices contained in Appendix 14 to the Listing Rules were met by the Company.

Audit Committee

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

Auditors

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

On behalf of the Board

CHEN Qiyuan

Chairman

Hong Kong, 28 March 2011

退休計畫

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

企業管治

於截止二零一零年十二月三十一日止年度，除本年報第36至41頁企業管治報告另有披露外，本公司已遵守上市規則附錄14所載的企業管治常規守則所列的原則。

審核委員會

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

核數師

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

董事會代表

陳啟源

主席

香港，二零一一年三月二十八日

Independent Auditor's Report

獨立核數師報告



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

We have audited the consolidated financial statements of BaWang International (Group) Holding Limited ("the company") and its subsidiaries (together "the group") set out on pages 59 to 154, which comprise the consolidated and company balance sheets as at 31 December 2010, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

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

Auditor's responsibility

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

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and

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

我們已審計列載於第59至154頁霸王國際(集團)控股有限公司(「貴公司」)及其子公司(以下合稱「貴集團」)的合併財務報表，其中包括於二零一零年十二月三十一日的合併及公司資產負債表、截至該日止年度的合併綜合收益表、合併權益變動表和合併現金流量表，以及主要會計政策概要及其他說明附註。

董事對合併財務報表的責任

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

核數師的責任

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

我們已根據香港會計師公會頒佈的香港核數準則進行審核。該等準則要求我們遵守道德

Independent Auditor's Report

獨立核數師報告

perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the company and of the group as at 31 December 2010 and of the group's profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

KPMG

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

28 March 2011

規範，並規劃及執行審核，以合理確定此等合併財務報表是否不存在任何重大錯誤陳述。

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

我們相信，我們獲取的審核憑證是充足及適當地為我們的審核意見提供基礎。

意見

我們認為，該等合併財務報表已按照國際財務報告準則真實公允地反映貴公司及貴集團於二零一零年十二月三十一日的財務狀況和貴集團截至該日止年度的利潤及現金流量，並已按照香港《公司條例》的披露要求妥為編製。

畢馬威會計師事務所

執業會計師
香港中環
遮打道10號
太子大廈8樓

二零一一年三月二十八日

Consolidated Income Statement

合併損益表

For the year ended 31 December 2010
(Expressed in Renminbi)
截至二零一零年十二月三十一日止年度
(以人民幣列示)

		Note 附註	2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Turnover	營業額	5	1,475,355	1,756,001
Cost of sales	銷售成本		(564,017)	(590,355)
Gross profit	毛利		911,338	1,165,646
Other revenue	其他收益		1,810	—
Other net losses	其他虧損淨額		(1,399)	(294)
Selling and distribution costs	銷售及分銷成本		(941,811)	(637,344)
Administrative expenses	行政費用		(101,511)	(75,756)
(Loss)/profit from operations	經營(虧損)/溢利		(131,573)	452,252
Finance income	財務收入	6(a)	13,043	2,322
Finance costs	財務費用	6(a)	(15,601)	(4,771)
Net finance cost	財務費用淨額		(2,558)	(2,449)
(Loss)/profit before taxation	除所得稅前(虧損)/溢利	6	(134,131)	449,803
Income tax credit/(expense)	所得稅抵扣/(支出)	7(a)	16,160	(85,659)
(Loss)/profit for the year attributable to the equity shareholders of the Company	本公司權益持有人應佔年內(虧損)/溢利		(117,971)	364,144
(Loss)/earnings per share (RMB yuan)	每股(虧損)/盈利(人民幣元)			
Basic	基本	11(a)	(0.04)	0.15
Diluted	攤薄	11(b)	(0.04)	0.15

The notes on pages 67 to 154 form part of these financial statements. Details of dividends payable to equity shareholders of the Company are set out in Note 22(b).

第67至154頁的附註為本財務報表的一部分。應付本公司權益持有人股息的詳情載於附註22(b)

Consolidated Statement of Comprehensive Income

合併綜合收益表

For the year ended 31 December 2010
(Expressed in Renminbi)
截至二零一零年十二月三十一日止年度
(以人民幣列示)

		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
(Loss)/profit for the year attributable to the equity shareholders of the Company	本公司權益持有人應佔年內(虧損)/溢利	(117,971)	364,144
Other comprehensive income for the year	年內其他綜合收益		
Exchange differences on translation of the financial statements of the operations outside the PRC	換算中國境外業務之財務報表所產生的滙兌差異	(18,497)	(103)
Total comprehensive income for the year attributable to the equity shareholders of the Company	本公司權益持有人應佔年內綜合收益總額	(136,468)	364,041

The notes on pages 67 to 154 form part of these financial statements.

第67頁至154頁的附註為本財務報表的一部分。

Consolidated Balance Sheet

合併資產負債表

At 31 December 2010
(Expressed in Renminbi)
於二零一零年十二月三十一日
(以人民幣列示)

		Note	2010	2009
		附註	二零一零年	二零零九年
			RMB'000	RMB'000
			人民幣千元	人民幣千元
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	12	60,136	39,330
Prepaid advertising fee	預付廣告費用		2,437	6,081
Deferred tax assets	遞延稅項資產	21(b)	27,089	—
			89,662	45,411
Current assets	流動資產			
Inventories	存貨	14	84,216	60,384
Trade and other receivables	貿易及其他應收款項	15	440,060	534,009
Pledged deposits	抵押存款	16	220,000	162,012
Cash and cash equivalents	現金及現金等價物	17	1,186,544	1,742,523
Income tax recoverable	應收即期所得稅	21(a)	12,892	—
			1,943,712	2,498,928
Current liabilities	流動負債			
Trade and other payables	貿易及其他應付款項	18	228,793	293,839
Bank loans and overdrafts	銀行貸款及透支	19	209,787	158,490
Amounts due to related parties	應付關聯方款項	25(b)(i)	3,363	5,896
Income tax payable	應付即期所得稅	21(a)	—	31,820
			441,943	490,045
Net current assets	流動資產淨值		1,501,769	2,008,883
Total assets less current liabilities	總資產減流動負債		1,591,431	2,054,294

The notes on pages 67 to 154 form part of these financial statements.

第67至154頁的附註為本財務報表的一部分。

Consolidated Balance Sheet (continued)

合併資產負債表(續)

At 31 December 2010
(Expressed in Renminbi)
於二零一零年十二月三十一日
(以人民幣列示)

	Note 附註	2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Non-current liabilities	非流動負債		
Deferred tax liabilities	遞延稅項負債 21(c)	2,031	20,062
Net assets	資產淨值	1,589,400	2,034,232
Capital and reserves	資本及儲備		
Share capital	股本 22(c)	256,380	256,134
Reserves	儲備 22(d)	1,333,020	1,778,098
Total equity	權益總額	1,589,400	2,034,232

Approved and authorised for issue by the board of directors of the Company on 28 March 2011.

本公司董事會已於二零一一年三月二十八日批准及授權刊發。

Director
董事
CHEN Qiyuan
陳啟源

Director
董事
WAN Yuhua
萬玉華

The notes on pages 67 to 154 form part of these financial statements.

第67至154頁的附註為本財務報表的一部分。

Balance Sheet

資產負債表

At 31 December 2010
(Expressed in Renminbi)
於二零一零年十二月三十一日
(以人民幣列示)

	Note 附註	2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Non-current assets	非流動資產		
Investments in subsidiaries	於附屬公司的投資 13	—	—
Current assets	流動資產		
Other receivables	其他應收款項 15	1,471,397	416,051
Pledged deposits	抵押存款 16	—	162,012
Cash and cash equivalents	現金及現金等價物 17	100,104	1,031,999
Total assets	資產總額	1,571,501	1,610,062
Current liabilities	流動負債		
Other payables	其他應付款項 18	355	8,136
Net current assets	流動資產淨值	1,571,146	1,601,926
Total assets less current liabilities	總資產減流動負債	1,571,146	1,601,926
Net assets	資產淨值	1,571,146	1,601,926
Capital and reserves	資本及儲備		
Share capital	股本 22(c)	256,380	256,134
Reserves	儲備 22(a)	1,314,766	1,345,792
Total equity	權益總額	1,571,146	1,601,926

Approved and authorised for issue by the board of directors of the Company on 28 March 2011.

本公司董事會已於二零一一年三月二十八日批准及授權刊發。

Director
董事
CHEN Qiyuan
陳啟源

Director
董事
WAN Yuhua
萬玉華

The notes on pages 67 to 154 form part of these financial statements.

第67至154頁的附註為本財務報表的一部分。

Consolidated Statement of Changes in Equity

合併權益變動表

For the year ended 31 December 2010
(Expressed in Renminbi)
截至二零一零年十二月三十一日止年度
(以人民幣列示)

		Attributable to equity shareholders of the Company							
		本公司權益持有人應佔							
		Share Capital	Share premium	PRC statutory reserves	Capital reserve	Merger reserve	Translation reserve	Retained earnings/ (accumulated losses)	Total equity
		股本	股本溢價	中國法定儲備	資本儲備	合併儲備	滙兌儲備	留存溢利/ (累計虧損)	權益總額
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
		(Note 22(c))	(Note 22(d))	(Note 22(d))	(Note 22(d))	(Note 22(d))	(Note 22(d))		
Balance at 1 January 2009	於二零零九年一月一日結餘	—	—	49,887	—	8,468	4,949	251,224	314,528
Changes in equity for 2009:	二零零九年權益變動：								
Total comprehensive income for the year	年內綜合收益總額	—	—	—	—	—	(103)	364,144	364,041
Issue of new shares	發行新股	256,134	1,342,774	—	—	—	—	—	1,598,908
Dividends declared during the year (Note 22(b))	年內宣派的股息 (附註22(b))	—	—	—	—	—	—	(249,680)	(249,680)
Equity settled share-based transactions (Note 22(d))	以權益結算的股份支付交易(附註22(d))	—	—	—	6,435	—	—	—	6,435
Balance at 31 December 2009 and 1 January 2010	於二零零九年十二月三十一日及二零一零年一月一日結餘	256,134	1,342,774	49,887	6,435	8,468	4,846	365,688	2,034,232
Changes in equity for 2010:	二零一零年權益變動：								
Total comprehensive income for the year	年內綜合收益總額	—	—	—	—	—	(18,497)	(117,971)	(136,468)
Dividends declared during the year (Note 22(b))	年內宣派的股息 (附註22(b))	—	—	—	—	—	—	(317,708)	(317,708)
Shares issued under share option scheme (Note 22(c))	根據購股權計劃發行的股份 (附註22(c))	246	5,865	—	(5,180)	—	—	—	931
Equity settled share-based transactions (Note 22(d))	以權益結算的股份支付交易(附註22(d))	—	—	—	8,413	—	—	—	8,413
Balance at 31 December 2010	於二零一零年十二月三十一日結餘	256,380	1,348,639	49,887	9,668	8,468	(13,651)	(69,991)	1,589,400

The notes on pages 67 to 154 form part of these financial statements.

第67至154頁的附註為本財務報表的一部分。

Consolidated Cash Flow Statement

合併現金流量表

For the year ended 31 December 2010
(Expressed in Renminbi)
截至二零一零年十二月三十一日止年度
(以人民幣列示)

		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Cash flows from operating activities	經營活動產生的現金流量		
(Loss)/profit before taxation	除所得稅前(虧損)/溢利	(134,131)	449,803
Adjustments for:	經下列各項調整：		
Depreciation	折舊	8,252	6,721
Net loss on disposal of property, plant and equipment	物業、廠房及設備的處置淨損失	73	1,415
Impairment loss for bad and doubtful debts	呆壞賬減值損失	149	1,549
Write-down of inventories	存貨跌價準備	10,811	—
Interest income on bank deposits	銀行存款利息收入	(13,043)	(2,322)
Unrealised foreign exchange (gains)/losses	未實現滙兌(收益)/損失	(14,280)	1,987
Equity-settled share-based payment transactions	以權益結算的股份支付交易	8,413	6,435
Investment income	投資收益	(1,810)	—
Subtotal	小計	(135,566)	465,588
Change in inventories	存貨變動	(34,643)	(8,392)
Change in trade and other receivables	貿易及其他應收款項變動	109,472	(400,165)
Change in trade and other payables	貿易及其他應付款項變動	(65,046)	114,423
Change in amounts due from related parties	應收關聯方款項變動	—	132,746
Change in amounts due to related parties	應付關聯方款項變動	(2,533)	(138,446)
Change in prepaid advertising fee	預付廣告費變動	3,644	(6,081)
Cash (used in)/generated from operating activities	經營活動(所用)/產生的現金	(124,672)	159,673
Income tax paid	已付所得稅	(73,672)	(53,802)
Net cash (used in)/generated from operating activities	經營活動(所用)/產生的現金淨額	(198,344)	105,871
Cash flows from investing activities	投資活動產生的現金流量		
Interest received	已收利息	13,043	2,322
Acquisition of property, plant and equipment	購買物業、廠房及設備	(44,803)	(18,761)
Proceeds from sales of other investments	出售其他投資的所得款項	1,811,790	—
Acquisition of other investments	取得其他投資	(1,809,980)	—
Net cash used in investing activities	投資活動所用現金淨額	(29,950)	(16,439)

The notes on pages 67 to 154 form part of these financial statements.

第67至154頁的附註為本財務報表的一部分。

Consolidated Cash Flow Statement (continued)

合併現金流量表(續)

For the year ended 31 December 2010
(Expressed in Renminbi)
截至二零一零年十二月三十一日止年度
(以人民幣列示)

		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Cash flows from financing activities	融資活動產生的現金流量		
Proceeds from issuing of new shares	發行新股所得款項	931	1,615,277
Payment of share issuing cost	發行股份所支付成本	—	(5,145)
Cash from bank loan and overdrafts	銀行貸款及透支所得現金	209,787	158,490
Repayment of bank loan and overdrafts	償還銀行貸款及透支	(158,490)	—
Increase in pledged deposits	抵押存款增加	(57,988)	(162,012)
Dividends paid	已付股息	(317,708)	(249,680)
Net cash (used in)/generated from financing activities	融資活動(所用)/產生現金淨額	(323,468)	1,356,930
Net (decrease)/increase in cash and cash equivalents	現金及現金等價物(減少)/增加淨額	(551,762)	1,446,362
Cash and cash equivalents at 1 January	於一月一日的現金及現金等價物	1,742,523	298,148
Effect of exchange rate fluctuations on cash held	滙率波動對持有現金的影響	(4,217)	(1,987)
Cash and cash equivalents at 31 December	於十二月三十一日的現金及現金等價物	1,186,544	1,742,523

The notes on pages 67 to 154 form part of these financial statements.

第67至154頁的附註為本財務報表的一部分。

Notes to the Financial Statements

財務報表附註

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

1 Reporting entity

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

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

2 Significant accounting policies

(a) Statement of compliance

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

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

1 報告實體

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

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

2 主要會計政策

(a) 合規聲明

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

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

Notes to the Financial Statements

財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

2 Significant accounting policies (continued)

(b) Basis of measurement

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

The measurement basis used in the preparation of the financial statements is historical cost basis.

(c) Use of estimates and judgments

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

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

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 27.

2 主要會計政策(續)

(b) 計量基準

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

財務報表乃按歷史成本基準編製。

(c) 所用估計及判斷

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

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

管理層應用國際財務報告準則時所作出的對財務報表有重大影響的判斷及據以作出不確定性估計的主要來源於附註27詳述。

Notes to the Financial Statements

財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

2 Significant accounting policies (continued)

(d) Subsidiaries

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

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

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

(e) Foreign currency transactions

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

2 主要會計政策(續)

(d) 附屬公司

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

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

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

(e) 外幣交易

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

Notes to the Financial Statements

財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

2 Significant accounting policies (continued)

(e) Foreign currency transactions

(continued)

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

(f) Financial instruments

(i) Derivative financial instruments

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

(ii) Non-derivative financial assets

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

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

2 主要會計政策(續)

(e) 外幣交易(續)

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

(f) 金融工具

(i) 衍生金融工具

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

(ii) 非衍生金融資產

非衍生金融資產於本集團成為金融工具合約條文的訂約方時確認。

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

Notes to the Financial Statements

財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

2 Significant accounting policies (continued)

(f) Financial instruments (continued)

(ii) Non-derivative financial assets

(continued)

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

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

Trade and other receivables

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

2 主要會計政策(續)

(f) 金融工具(續)

(ii) 非衍生金融資產(續)

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

非衍生金融資產包括貿易及其他應收款項以及現金及現金等價物。

貿易及其他應收款項

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

Notes to the Financial Statements

財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

2 Significant accounting policies (continued)

(f) Financial instruments (continued)

(ii) Non-derivative financial assets

(continued)

Cash and cash equivalents

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

(iii) Non-derivative financial liabilities

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

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

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

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

2 主要會計政策(續)

(f) 金融工具(續)

(ii) 非衍生金融資產(續)

現金及現金等價物

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

(iii) 非衍生金融負債

非衍生金融負債於本集團成為金融工具合約條文的訂約方時初次確認。

本集團在有關合約責任解除或取消或到期時終止確認金融負債。

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

本集團的非衍生金融負債包括付息借貸、貿易及其他應付款項及應付關聯方款項。

Notes to the Financial Statements

財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

2 Significant accounting policies (continued)

(f) Financial instruments (continued)

(iii) Non-derivative financial liabilities

(continued)

Interest-bearing borrowings

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

Trade and other payables and amounts due to related parties

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

(iv) Ordinary Share

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

2 主要會計政策(續)

(f) 金融工具(續)

(iii) 非衍生金融負債(續)

付息借貸

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

貿易及其他應付款項及應付關聯方款項

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

(iv) 普通股

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

Notes to the Financial Statements

財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

2 Significant accounting policies (continued)

(g) Property, plant and equipment

(i) Recognition and measurement

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

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

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

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

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

2 主要會計政策(續)

(g) 物業、廠房及設備

(i) 確認及計量

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

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

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

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

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

Notes to the Financial Statements

財務報表附註

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

2 Significant accounting policies (continued)

(g) Property, plant and equipment (continued)

(ii) Subsequent costs

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

(iii) Depreciation

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

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

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

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

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

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

2 主要會計政策(續)

(g) 物業、廠房及設備(續)

(ii) 日後成本

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

(iii) 折舊

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

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

物業、廠房及設備的估計可使用年限如下：

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

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

本集團會於每個呈報日期審閱折舊方法、可使用年限及進行剩餘價值重估。

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財務報表附註

(Expressed in Renminbi unless otherwise indicated)

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2 Significant accounting policies (continued)

(h) Inventories

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

(i) Impairment of assets

(i) Financial assets

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

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

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

All impairment losses are recognised in profit or loss.

2 主要會計政策(續)

(h) 存貨

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

(i) 資產減值

(i) 金融資產

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

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

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

所有減值虧損均於損益確認。

Notes to the Financial Statements

財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

2 Significant accounting policies (continued)

(i) Impairment of assets (continued)

(i) Financial assets (continued)

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

(ii) Non-financial assets

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

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

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

2 主要會計政策(續)

(i) 資產減值(續)

(i) 金融資產(續)

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

(ii) 非金融資產

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

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

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

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財務報表附註

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

2 Significant accounting policies (continued)

(i) Impairment of assets (continued)

(ii) Non-financial assets (continued)

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

(j) Employee benefits

(i) Short term employee benefits

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

(ii) Defined contribution retirement plans

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

2 主要會計政策(續)

(i) 資產減值(續)

(ii) 非金融資產(續)

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

(j) 僱員福利

(i) 短期僱員福利

薪金、工資、年度花紅及員工福利均計入本集團僱員提供有關服務的年度內。

(ii) 界定供款退休計劃

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

Notes to the Financial Statements

財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

2 Significant accounting policies (continued)

(j) Employee benefits (continued)

(iii) Share-based payment transactions

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

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

2 主要會計政策(續)

(j) 僱員福利(續)

(iii) 以權益結算的股份支付交易

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

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

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(除另有說明外，概以人民幣列示)

2 Significant accounting policies (continued)

(k) Provisions and contingent liabilities

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

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

(l) Turnover

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

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

2 主要會計政策(續)

(k) 撥備及或然負債

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

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

(l) 營業額

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

風險及回報的轉移視乎銷售合約的個別條款而有所變化。

Notes to the Financial Statements

財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

2 Significant accounting policies (continued)

(m) Operating lease payment

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

(n) Finance income and finance costs

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

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

(o) Research and development costs

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

2 主要會計政策(續)

(m) 經營租賃付款

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

(n) 財務收入及費用

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

財務費用包括借貸利息支出及滙兌損失淨額。

(o) 研究開發成本

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

Notes to the Financial Statements

財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

2 Significant accounting policies (continued)

(p) Borrowing costs

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

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

(q) Income tax

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

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

2 主要會計政策(續)

(p) 借貸成本

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

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

(q) 所得稅開支

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

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

Notes to the Financial Statements

財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

2 Significant accounting policies (continued)

(q) Income tax (continued)

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

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

2 主要會計政策(續)

(q) 所得稅開支(續)

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

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

Notes to the Financial Statements

財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

2 Significant accounting policies (continued)

(r) Related parties

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

- (i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;
- (ii) the Group and the party are subject to common control;
- (iii) the party is an associate of the Group or a joint venture in which the Group is a venturer;
- (iv) the party is a member of key management personnel of the Group or the Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;
- (v) the party is a close family member of a party referred to in (Note 2r(i)) or is an entity under the control, joint control or significant influence of such individuals; or
- (vi) the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

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

2 主要會計政策(續)

(r) 關聯方

就本財務報表而言，倘若符合下列條件，則被視為本集團的關聯方：

- (i) 該方能夠直接或透過一家或多家中間企業間接控制本集團，或對本集團的財務及經營決策發揮重大影響力，或共同控制本集團；
- (ii) 本集團與該方受共同控制；
- (iii) 該方為本集團的聯營公司或本集團為合營夥伴的合營企業；
- (iv) 該方為本集團或本集團母公司的主要管理人員，或與該人士關係密切的家庭成員，或為受該等人士控制、共同控制或重大影響的實體；
- (v) 該方是為附註2r(i)所述的人士的關係密切的家庭成員，或受到該等人士控制、共同控制或重大影響的實體；或
- (vi) 該方為本集團或作為本集團關聯方的任何實體的僱員福利而設的離職後福利計劃。

與某人關係密切的家庭成員指與實體的交易中，預期可能會影響該名人士或受其影響的家庭成員。

Notes to the Financial Statements

財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

2 Significant accounting policies (continued)

(s) Segment reporting

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

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

3 Changes in accounting policies

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

- Improvements to IFRSs (2009)

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

The "Improvements to IFRSs (2009)" comprise a number of minor and non-urgent amendments to a range of IFRSs which the IASB has issued as an omnibus batch of amendments.

2 主要會計政策(續)

(s) 分部報告

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

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

3 會計政策變更

國際會計準則委員會已頒佈於本集團及本公司本會計期間首次生效之一項新國際財務報告準則、多項國際財務報告準則之修訂以及一項新詮釋。其中，下列會計政策變動與本集團財務報表有關：

- 國際財務報告準則的改進(二零零九年)

本集團並未應用任何於本會計期間尚未生效之新準則或詮釋。

「國際財務報告準則的改進(二零零九)」包括國際會計準則委員會對一系列國際財務報告準則之不屬重要且非迫切性的修正所作的一批綜合修訂。

Notes to the Financial Statements

財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

4 Segment reporting

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

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

(a) Segment results, assets and liabilities

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

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

4 分部報告

本集團以產品類別及地區分部的組合來管理其業務。與應向本集團最高級別執行管理層呈報以作資源分配及業績評估之內部報告之呈列形式一致，本集團現識別下列三個可報告分部：

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

(a) 分部業績，資產及負債

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

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

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(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

4 Segment reporting (continued)

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

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

Information regarding the Group’s reportable segments as provided to the Group’s senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2010 and 2009 is set out as below:

4 分部報告(續)

(a) 分部業績，資產及負債(續)

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

截至二零一零年及二零零九年十二月三十一日止年度，有關向本集團高級執行管理層提供之資源分配及分部表現評估之本集團可報告分部之資料分別載列如下：

	Hair-care products		Skin-care and other household and personal care products		Herbal tea products		Total	
	護髮產品		護膚及其他家用個人護理產品		涼茶產品		合計	
	2010	2009	2010	2009	2010	2009	2010	2009
	二零一零年	二零零九年	二零一零年	二零零九年	二零一零年	二零零九年	二零一零年	二零零九年
	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
Reportable segment revenue								
可報告分部收入								
Revenue from external customers	來自外界客戶之收入							
	1,328,079	1,669,025	77,519	86,976	69,757	—	1,475,355	1,756,001
Inter-segment revenue	分部間銷售收入							
	199	—	—	—	1,214	—	1,413	—
	1,328,278	1,669,025	77,519	86,976	70,971	—	1,476,768	1,756,001
Reportable segment (loss)/profit								
可報告分部(虧損)/溢利								
Adjusted (loss)/profit from operations	經調整經營(虧損)/溢利							
	(39,888)	473,847	(5,645)	8,498	(65,084)	—	(110,617)	482,345

Notes to the Financial Statements

財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

4 Segment reporting (continued)

(b) Reconciliations of reportable segment revenue and results

Revenue

		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Reportable segment revenue	可報告分部收入	1,476,768	1,756,001
Elimination of inter-segment revenue	抵銷各分部間收入	(1,413)	—
Consolidated turnover	合併營業額	1,475,355	1,756,001

Results

		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Reportable segment (loss)/profit	可報告分部(虧損)/溢利	(110,617)	482,345
Elimination of inter-segment profits	抵銷各分部間溢利	(130)	—
Other revenue	其他收益	1,810	—
Other net losses	其他虧損淨額	(1,399)	(294)
Unallocated head office and corporate expenses	未分攤之總部與公司行政開支	(21,237)	(29,799)
Finance income	財務收入	13,043	2,322
Finance costs	財務費用	(15,601)	(4,771)
Consolidated (loss)/profit before taxation	合併除稅前(虧損)/溢利	(134,131)	449,803

4 分部報告(續)

(b) 可報告分部收入及業績的對賬

收入

		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Reportable segment revenue	可報告分部收入	1,476,768	1,756,001
Elimination of inter-segment revenue	抵銷各分部間收入	(1,413)	—
Consolidated turnover	合併營業額	1,475,355	1,756,001

業績

		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Reportable segment (loss)/profit	可報告分部(虧損)/溢利	(110,617)	482,345
Elimination of inter-segment profits	抵銷各分部間溢利	(130)	—
Other revenue	其他收益	1,810	—
Other net losses	其他虧損淨額	(1,399)	(294)
Unallocated head office and corporate expenses	未分攤之總部與公司行政開支	(21,237)	(29,799)
Finance income	財務收入	13,043	2,322
Finance costs	財務費用	(15,601)	(4,771)
Consolidated (loss)/profit before taxation	合併除稅前(虧損)/溢利	(134,131)	449,803

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

4 Segment reporting (continued)

(c) Geographic information

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

4 分部報告(續)

(c) 地區資料

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

		Revenues from external customers		Specified non-current assets	
		來自外部客戶的收入		指定的非流動資產	
		2010	2009	2010	2009
		二零一零年	二零零九年	二零一零年	二零零九年
		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
PRC (place of domicile)	中國(集團基地)	1,413,695	1,677,225	58,957	40,470
Hong Kong	香港	41,146	49,197	3,616	4,941
Singapore	新加坡	13,325	17,872	—	—
Malaysia	馬來西亞	4,461	5,221	—	—
Myanmar	緬甸	1,119	320	—	—
Brunei	汶萊	706	—	—	—
The United Arab Emirates	阿聯酋	903	—	—	—
Thailand	泰國	—	6,166	—	—
		61,660	78,776	3,616	4,941
		1,475,355	1,756,001	62,573	45,411

Notes to the Financial Statements

財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

5 Turnover

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

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

		For the year ended 31 December 截至十二月三十一日止年度	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Hair-care products	護髮產品	1,328,079	1,669,025
Skin-care and other household and personal care products	護膚及其他家用個人護理產品	77,519	86,976
Herbal tea products	中草藥涼茶產品	69,757	—
		1,475,355	1,756,001

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

5 營業額

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

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

本集團客戶基礎分散，並無與單一客戶的交易佔本集團總營業額10%以上。

Notes to the Financial Statements

財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

6 (Loss)/profit before taxation

(Loss)/profit before taxation is arrived at after charging/
(crediting):

(a) Finance income and costs

		For the year ended 31 December 截至十二月三十一日止年度	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Finance income	財務收入		
Interest income on bank deposits	銀行存款利息收入	(13,043)	(2,322)
Finance costs	財務費用		
Interest on bank borrowings	銀行貸款利息	5,115	2,231
Bank charges on bank borrowings	銀行貸款手續費	2,016	—
Net foreign exchange losses	匯兌損失淨額	8,470	2,540
Subtotal	小計	15,601	4,771
Net finance costs	財務費用淨額	2,558	2,449

6 除所得稅前(虧損)/溢利

除所得稅前(虧損)/溢利已扣除/
(計入)下列各項：

(a) 財務收入及費用

Notes to the Financial Statements

財務報表附註

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

6 (Loss)/profit before taxation (continued)

(b) Staff costs*

		For the year ended 31 December 截至十二月三十一日止年度	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Salaries, wages and other benefits	薪金、工資及其他福利	129,700	84,027
Equity-settled share-based payment expenses (Note 20(c))	以權益結算的股份支付費用(附註20(c))	8,413	6,435
Contributions to defined contribution retirement plan	界定供款退休計劃供款	5,599	4,627
		143,712	95,089

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

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

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

6 除所得稅前(虧損)/溢利(續)

(b) 員工成本*

員工成本包括董事酬金(附註8(a))。

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

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

Notes to the Financial Statements 財務報表附註

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

6 (Loss)/profit before taxation (continued)

(b) Staff costs* (continued)

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

(c) Other items

6 除所得稅前(虧損)/溢利 (續)

(b) 員工成本*(續)

除上述供款外，本集團並無其他為僱員退休及其他退休後福利供款的責任。

(c) 其他項目

		For the year ended 31 December 截至十二月三十一日止年度	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Depreciation*	折舊*	8,252	6,721
Auditors' remuneration	核數師酬金	1,250	4,378
Cost of inventories*	存貨成本*	564,017	590,355
Impairment loss for bad and doubtful debts (Note 15(b))	呆壞賬減值虧損 (附註15(b))	149	1,549

* Cost of inventories includes RMB40,260,000 (2009: RMB31,326,000) relating to staff costs and depreciation, which amounts are also included in the respective total amounts disclosed separately above or in Note 6(b) for each of these types of expenses.

* 存貨成本包括與員工成本及折舊有關的款項合共人民幣40,260,000元(二零零九年：人民幣31,326,000元)，有關款項亦已計入上文或附註6(b)個別披露的各類開支總額。

Notes to the Financial Statements

財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

7 Income tax (credit)/expense

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

		For the year ended 31 December 截至十二月三十一日止年度	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Current tax	即期稅項		
– PRC income tax	– 中國所得稅		
Provision for the year	年內撥備	9,660	63,731
Over-provision in respect of prior years	以往年度多計提的稅額撥備	(2,476)	—
		7,184	63,731
Current tax	即期稅項		
– Hong Kong income tax	– 香港利得稅		
Provision for the year	年內撥備	3,745	1,866
Deferred tax	遞延稅項		
– PRC income tax	– 中國所得稅		
Origination of temporary differences	暫時性差額的產生	(27,089)	20,062
Income tax (credit)/expense	所得稅(抵扣)/開支	(16,160)	85,659

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

7 所得稅(抵扣)/開支

(a) 合併損益表內的所得稅(抵扣)/開支指：

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

Notes to the Financial Statements

財務報表附註

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

7 Income tax (credit)/expense (continued)

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

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

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

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

7 所得稅(抵扣)/開支(續)

(a) 合併損益表內的所得稅(抵扣)/開支指：(續)

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

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

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

Notes to the Financial Statements

財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

7 Income tax (credit)/expense (continued)

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

- (iv) Pursuant to the Implementation Rules of the CIT Law, overseas investors to foreign investment companies ("FIE") shall be liable for withholding income tax at 10% on the dividend derived from the profits of PRC subsidiaries with effect from 1 January 2008, unless the tax rate is reduced by treaty. Pursuant to the Sino-Hong Kong Double Tax Arrangements, the investor established in Hong Kong which is the beneficiary owner holding not less than 25% of the equity interests of its PRC subsidiaries can enjoy a reduced withholding tax rate of 5% on the dividend received from its PRC subsidiaries. The Group did not make provision of withholding income tax for the year ended 31 December 2010 since the PRC subsidiaries, both Bawang Guangzhou and Bawang Beverage, incurred losses in the current year.
- (v) The provision for Hong Kong Profits Tax was made by Hong Kong Bawang International Trading Limited ("Bawang Trading") and was calculated at 16.5% of the estimated assessable profits for the year (2009: 16.5%).

7 所得稅(抵扣)/開支(續)

(a) 合併損益表內的所得稅(抵扣)/開支指：(續)

- (iv) 根據企業所得稅法實施條例，自二零零八年一月一日起，除非獲條約減低稅率，外商投資企業（「外資企業」）的海外投資者須就來自中國附屬公司溢利的股息繳付10%預扣所得稅。根據內地與香港避免雙重徵稅安排，於香港成立的投資者如果持有中國附屬公司不低於25%權益且為受益所有人，則可享受來自中國附屬公司的股息的寬減預扣稅稅率5%。由於中國附屬公司（包括霸王廣州及霸王飲料）均產生虧損，因此本集團於截至2010年12月31日止年度並沒有計提預扣所得稅。
- (v) 香港利得稅撥備乃香港霸王國際貿易有限公司（「霸王貿易」）根據年內估計應課稅溢利的16.5%（二零零九年：16.5%）計提。

Notes to the Financial Statements

財務報表附註

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

7 Income tax (credit)/expense (continued)

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

		For the year ended 31 December 截至十二月三十一日止年度	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
(Loss)/profit before income tax	除所得稅前(虧損)/溢利	(134,131)	449,803
Income tax on (loss)/profit before tax, calculated at the rates applicable to the PRC operations (i.e. 25%)	按適用於中國業務的稅率計算的除稅前(虧損)/溢利的所得稅(即25%)	(33,533)	112,451
Effect of withholding income tax (Note 7(a)(iv))	預扣所得稅的影響(附註7(a)(iv))	—	21,193
Effect of tax rate differential (i)	不同稅率的影響(i)	22,167	10,550
Effect on deemed taxable income (ii)	被視為應課稅收入的影響(ii)	984	1,377
Effect of non-deductible expenses	不可扣稅開支的影響	6,358	2,688
Effect of tax concessions (iii)	稅項優惠的影響(iii)	(9,660)	(62,600)
Bonus deduction of R&D expenses for 2009 (iv)	研究開發費用的加計扣除(iv)	(2,689)	—
Under provision in prior year	以前年度少計提撥備	213	—
Income tax (credit)/expense	所得稅(抵扣)/開支	(16,160)	85,659

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

7 所得稅(抵扣)/開支(續)

(b) 按適用稅率計算的所得稅(抵扣)/開支與會計(虧損)/溢利對賬：

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

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財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

7 Income tax (credit)/expense (continued)

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

- (ii) Effect on deemed taxable income represents deemed sales income in respect of promotional goods provided to customers at nil consideration, which is calculated in accordance with the CIT law of the PRC, applicable from 1 January 2008.
- (iii) Effect of tax concessions represents the difference between standard income tax rate and preferential income tax rate enjoyed by the Group as set out in Note 7(a)(ii).
- (iv) According to Tax Notice on Provisional Administrative Measures governing Pre-CIT Deduction of R&D Expenses (Guoshuifa [2008] No.116) issued by the State Administration of Taxation, effective from 1 January 2008, R&D expenses, which are not capitalised, are qualified for bonus deduction for income tax purpose, i.e. an additional 50% of such expenses could be deemed as deductible expenses. The approval of the 50% additional deduction of R&D expenses for the year ended 31 December 2009 was obtained in 2010.

7 所得稅(抵扣)/開支(續)

(b) 按適用稅率計算的所得稅(抵扣)/開支與會計(虧損)/溢利對賬：(續)

- (ii) 被視為應課稅收入的影響即有關無償向客戶提供推廣貨品的被視為銷售收入，其根據中國新稅法而計算，由二零零八年一月一日起適用。
- (iii) 稅項優惠的影響指按標準所得稅稅率與按附註7(a)(ii)所載本集團享有的優惠所得稅稅率繳稅的差額。
- (iv) 根據國家稅務總局頒佈的於2008年1月1日起生效的《企業研究開發費用稅前扣除管理辦法》(國稅發[2008]第116號)，未資本化的研究開發費用可在計算所得稅時進行加計扣除，即按該費用50%計算的金額可額外於稅前加計扣除。本集團於2010年取得關於截至2009年12月31日止年度的研究開發費50%加計扣除的批准。

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(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

8 Directors' remuneration

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

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

8 董事酬金

(a) 本公司董事酬金詳情如下：

Notes to the Financial Statements 財務報表附註

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

8 Directors' remuneration (continued)

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

		Salaries, allowances and Directors' fee	benefits in kind 薪金、 津貼及 袍金 RMB'000 人民幣千元	Discretionary bonuses 花紅 RMB'000 人民幣千元	Retirement scheme contributions 退休福利 計劃供款 RMB'000 人民幣千元	Sub-total	Share-based payments (note(i)) 股份支付 (附註(i)) RMB'000 人民幣千元	2009 total 二零零九年 總計 RMB'000 人民幣千元
Chairman	主席							
Mr. CHEN Qiyuan	陳啟源先生	—	—	—	—	—	—	—
Executive directors	執行董事							
Ms. WAN Yuhua	萬玉華女士	—	—	—	—	—	—	—
Mr. SHEN Xiaodi	沈小笛先生	—	595	—	5	600	1,029	1,629
Mr. WONG Sin Yung	黃善榕先生	—	1,762	—	5	1,767	1,320	3,087
Non-executive director	非執行董事							
Ms. GUO Jing	郭晶女士	132	—	—	—	132	—	132
Independent non-executive directors	獨立 非執行董事							
Mr. NGAI Wai Fung	魏偉峰先生	308	—	—	—	308	—	308
Mr. CHEN Kaizhi	陳開枝先生	132	—	—	—	132	—	132
Mr. LI Bida	李必達先生	132	—	—	—	132	—	132
Total	總計	704	2,357	—	10	3,071	2,349	5,420

Note:

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

The details of these benefits in kind, including the principal terms and number of options granted, are disclosed in Note 20.

附註：

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

該等實物利益的詳情，包括授出購股權的主要條款及數目，載於附註20。

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財務報表附註

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

8 Directors' remuneration (continued)

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

		For the year ended 31 December 截至十二月三十一日止年度	
		2010 二零一零年 Number of directors 董事數目	2009 二零零九年 Number of directors 董事數目
Nil to HK\$1,000,000	零至1,000,000港元	6	6
HK\$1,500,001 to 2,000,000	1,500,001至2,000,000港元	—	1
HK\$2,500,001 to 3,000,000	2,500,001至3,000,000港元	1	—
HK\$3,000,001 to 3,500,000	3,000,001至3,500,000港元	—	1
HK\$3,500,001 to 4,000,000	3,500,001至4,000,000港元	1	—
		8	8

9 Individuals with highest emoluments

Of the five individuals with the highest emoluments, three (2009: three) are directors, whose emoluments are disclosed in Note 8. The aggregate of the emoluments in respect of the five individuals with highest emoluments are as follows:

		For the year ended 31 December 截至十二月三十一日止年度	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Salaries and other emoluments	薪金及其他薪酬	3,271	2,798
Share-based payments	股份支付	4,486	3,511
Contribution to defined contribution retirement plans	界定供款退休計劃供款	46	50
		7,803	6,359

8 董事酬金(續)

(b) 按董事數目及薪酬範圍呈列的董事薪酬分析如下：

9 最高薪酬人士

5位最高薪酬人士中，三位(二零零九年：三位)為董事，彼等薪酬於附註8披露。五位最高薪酬人士的薪酬總額如下：

Notes to the Financial Statements

財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

9 Individuals with highest emoluments

(continued)

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

		For the year ended 31 December 截至十二月三十一日止年度	
		2010 二零一零年 Number of individuals 人數	2009 二零零九年 Number of individuals 人數
Nil to HK\$1,000,000	零至1,000,000港元	2	2
HK\$1,000,001 to 1,500,000	1,000,001至1,500,000港元	—	1
HK\$1,500,001 to 2,000,000	1,500,001至2,000,000港元	1	1
HK\$2,500,001 to 3,000,000	2,500,001至3,000,000港元	1	—
HK\$3,000,001 to 3,500,000	3,000,001至3,500,000港元	—	1
HK\$3,500,001 to 4,000,000	3,500,001至4,000,000港元	1	—
		5	5

9 最高薪酬人士(續)

五位最高薪酬人士的薪酬分析如下：

10 (Loss)/profit attributable to equity shareholders of the Company

The consolidated (loss)/profit attributable to equity shareholders of the Company includes a loss of RMB16,948,000 (2009 loss: RMB30,630,000) which has been dealt with in the financial statements of the Company.

10 本公司權益持有人應佔溢利／(虧損)

本公司權益持有人應佔綜合溢利包括已計入本公司財務報表內的人民幣16,948,000元的虧損(二零零九年虧損：人民幣30,630,000元)。

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(除另有說明外，概以人民幣列示)

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

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

		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Amount of consolidated loss attributable to equity shareholders dealt with in the Company's financial statements	已計入本公司財務報表中的權益持有人應佔虧損金額	(16,948)	(30,630)
Final dividends from subsidiaries attributable to the profits of the previous financial year, approved and paid during the year	附屬公司上一個財政年度產生利潤而宣派末期股息，於本年內獲批准及支付	329,409	284,490
Company's profit for the year (Note 22(a))	本公司年內溢利 (附註22(a))	312,461	253,860

Details of dividends paid and payable to equity shareholders of the Company are set out in Note 22(b).

10 本公司權益持有人應佔溢利／(虧損) (續)

上述金額與本公司年內溢利／(虧損)之間對賬：

已付及應付本公司權益持有人股息的詳情載於附註22(b)。

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(除另有說明外，概以人民幣列示)

11 (Loss)/earnings per share

(a) Basic (loss)/earnings per share

The calculation of basic loss per share is based on the loss attributable to ordinary equity shareholders of the Company of RMB117,971,000 (2009 profit: RMB364,144,000) and the weighted average of 2,906,389,810 ordinary shares (2009: 2,497,753,425 ordinary shares) in issue during the year, calculated as follows:

Weighted average number of ordinary shares:

		At 31 December 於十二月三十一日	
		2010 二零一零年	2009 二零零九年
Issued ordinary shares at 1 January	於一月一日已發行普通股	2,905,000,000	1
Effect of repurchase of existing ordinary shares	回購現有普通股的影響	—	(1)
Effect of increase in ordinary shares	增加普通股的影響	—	10,000
Effect of capitalisation issue	資本化發行的影響	—	2,099,990,000
Effect of shares issued upon initial public offering	首次公開發售時發行股份的影響	—	397,753,425
Effect of share option exercised (Note 22(c)(i))	已執行的股份認購權的影響(附註22(c)(i))	1,389,810	—
Weighted average number of ordinary shares at 31 December	於十二月三十一日普通股的加權平均數	2,906,389,810	2,497,753,425

11 每股(虧損)/盈利

(a) 每股基本(虧損)/盈利

每股基本虧損乃根據年內本公司普通股權益持有人應佔虧損人民幣117,971,000元(二零零九年：人民幣364,144,000元)，及已發行普通股加權平均數2,906,389,810股(二零零九年：2,497,753,425股普通股)計算如下：

普通股加權平均數：

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(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

11 (Loss)/earnings per share (continued)

(b) Diluted (loss)/earnings per share

The calculation of diluted loss per share is based on the loss attributable to ordinary equity shareholders of the Company of RMB117,971,000 (2009 profit: RMB364,144,000) and the weighted average number of ordinary shares (diluted) of 2,914,699,696 shares (2009: 2,500,976,782).

Weighted average number of ordinary shares (diluted) is calculated as:

		31 December 2010 二零一零年 十二月三十一日	31 December 2009 二零零九年 十二月三十一日
Weighted average number of ordinary shares	普通股加權平均數	2,906,389,810	2,497,753,425
Effect of deemed issue of shares under the Company's share option scheme	本公司購股權計劃中被視為已發行股份的影響	8,309,886	3,223,357
Weighted average number of ordinary shares (diluted) at 31 December	於二零一零年十二月三十一日普通股加權平均數(已攤薄)	2,914,699,696	2,500,976,782

11 每股(虧損)/盈利(續)

(b) 每股攤薄(虧損)/盈利

每股攤薄虧損乃根據本公司普通股權益持有人應佔虧損人民幣117,971,000元(二零零九年：人民幣364,144,000元)，及普通股加權平均數(已攤薄)2,914,699,696股計算(二零零九年：2,500,976,782股)。

普通股加權平均數(已攤薄)計算如下：

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(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

12 Property, plant and equipment

The Group

		Buildings	Machinery	Motor vehicles	Office equipment and others	Construction in progress	Total
		房屋 RMB'000 人民幣千元	機器 RMB'000 人民幣千元	運輸工具 RMB'000 人民幣千元	辦公室設備 及其他 RMB'000 人民幣千元	在建工程 RMB'000 人民幣千元	總計 RMB'000 人民幣千元
Cost:	成本：						
At 1 January 2009	於二零零九年一月一日	—	25,789	11,204	5,465	—	42,458
Additions	添置	—	6,526	1,043	6,624	1,763	15,956
Disposals	出售	—	(1,608)	—	(65)	—	(1,673)
At 31 December 2009 and 1 January 2010	於二零零九年十二月三十一日及二零一零年一月一日	—	30,707	12,247	12,024	1,763	56,741
Additions	添置	5,494	12,018	1,725	9,091	803	29,131
Disposals	出售	—	—	(3)	(155)	—	(158)
Transfer from construction in progress	轉撥自在建工程	—	—	—	1,573	(1,573)	—
At 31 December 2010	於二零一零年十二月三十一日	5,494	42,725	13,969	22,533	993	85,714
Accumulated depreciation:	累計折舊：						
At 1 January 2009	於二零零九年一月一日	—	(6,613)	(2,761)	(1,574)	—	(10,948)
Charge for the year	年內計提	—	(3,281)	(2,096)	(1,344)	—	(6,721)
Written back on disposals	出售時撥回	—	235	—	23	—	258
At 31 December 2009 and 1 January 2010	於二零零九年十二月三十一日及二零一零年一月一日	—	(9,659)	(4,857)	(2,895)	—	(17,411)
Charge for the year	年內計提	(84)	(3,114)	(2,316)	(2,738)	—	(8,252)
Written back on disposals	出售時撥回	—	—	2	83	—	85
At 31 December 2010	於二零一零年十二月三十一日	(84)	(12,773)	(7,171)	(5,550)	—	(25,578)
Carrying amount:	賬面值：						
At 31 December 2009	於二零零九年十二月三十一日	—	21,048	7,390	9,129	1,763	39,330
At 31 December 2010	於二零一零年十二月三十一日	5,410	29,952	6,798	16,983	993	60,136

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

12 物業、廠房及設備

本集團

本集團擁有的全部物業、廠房及設備均位於中國。

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(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

13 Investments in subsidiaries

13 於附屬公司的投資

		The Company 本公司	
		At 31 December 於十二月三十一日	
		2010 二零一零年	2009 二零零九年
		RMB'000 人民幣千元	RMB'000 人民幣千元
Unlisted shares, at cost (US\$2)	非上市股份， 按成本列值(2美元)	—	—
Less: impairment loss	減：減值損失	—	—
		—	—

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13 Investments in subsidiaries (continued)

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

13 於附屬公司的投資(續)

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

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

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(除另有說明外，概以人民幣列示)

13 Investments in subsidiaries (continued)

13 於附屬公司的投資(續)

Name of company 公司名稱	Place of incorporation and operation 成立及經營地點	Particulars of issued and paid up capital 已發行及繳足資本	Group's effective interest 本集團實際權益	Proportion of ownership interest 應佔股本權益		Principal activities 主要業務
				Held by the Company 本公司持有	Held by a subsidiary 由附屬公司持有	
Hong Kong Bawang International Trading Limited ("Bawang Trading") 香港霸王國際貿易有限公司 ("霸王貿易")	Hong Kong 香港	HK\$1 1港元	100%	—	100%	Trading of household and personal care products 銷售家用及個人護理產品
Bawang (Guangzhou) Co., Ltd. ("Bawang Guangzhou") 霸王(廣州)有限公司("霸王廣州")	the PRC 中國	US\$29,500,000 29,500,000美元	100%	—	100%	Manufacturing and trading of household and personal care products 製造及銷售家用及個人護理產品
Bawang (China) Beverage Co., Ltd. ("Bawang Beverage") 霸王(中國)飲料有限公司 ("霸王飲料")	the PRC 中國	HK\$180,000,000 180,000,000港元	100%	—	100%	Trading of herbal tea products 銷售涼茶產品

14 Inventories

14 存貨

(a) Inventories in the balance sheet comprise:

(a) 於結算日的存貨包括：

		The Group 本集團	
		At 31 December 於十二月三十一日	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Raw materials	原材料	12,552	8,024
Work in progress	在製品	6,229	7,170
Finished goods	製成品	40,987	27,523
Packing materials	包裝物料	19,527	13,736
Others	其他	4,921	3,931
		84,216	60,384

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(除另有說明外，概以人民幣列示)

14 Inventories (continued)

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

14 存貨(續)

(b) 已計入損益並確認為費用的存貨金額分析如下：

		The Group 本集團	
		At 31 December 於十二月三十一日	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Carrying amount of inventories sold	已售存貨賬面值	553,206	590,355
Write down of inventories	存貨跌價準備	10,811	—
		564,017	590,355

Notes to the Financial Statements 財務報表附註

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(除另有說明外，概以人民幣列示)

15 Trade and other receivables

15 貿易及其他應收款項

		The Group 本集團		The Company 本公司	
		At 31 December 於十二月三十一日		At 31 December 於十二月三十一日	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Trade debtors and bills receivable	貿易應收款項及應收票據	314,481	376,815	—	—
Less: allowance for doubtful debts (Note 15(b))	減：呆賬撥備 (附註15(b))	(1,792)	(1,650)	—	—
		312,689	375,165	—	—
Prepayment for purchase of raw materials	購買原材料預付款項	2,656	2,017	—	—
Prepayment for purchase of fixed assets	購買固定資產預付款項	18,478	2,803	—	—
Prepaid advertising fee	預付廣告費用	87,021	150,622	—	—
Amounts due from subsidiaries (Note 15(d))	應收附屬公司款項 (附註15(d))	—	—	1,471,146	416,050
Other receivables	其他應收款項	19,216	3,402	251	1
		440,060	534,009	1,471,397	416,051

The credit terms granted by the Group to customers generally range from 30 days to 180 days. The Group's credit policy is set out in Note 23(c). Generally, all of the trade and other receivables are expected to be recovered within one year.

本集團一般授予客戶30至180日信用期。本集團的信貸政策載於附註23(c)。一般而言，所有貿易及其他應收款項預期於一年內收回。

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(除另有說明外，概以人民幣列示)

15 Trade and other receivables (continued)

(a) Ageing analysis

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

		The Group 本集團	
		At 31 December 於十二月三十一日	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Current	即期	278,427	342,332
Less than 3 months past due	逾期少於3個月	29,798	31,348
More than 3 months but less than 6 months past due	逾期多於3個月但少於6個月	5,130	1,911
More than 6 months but less than 12 months past due	逾期多於6個月但少於12個月	553	793
More than 12 months past due	逾期多於12個月	573	431
		314,481	376,815
Less: impairment loss for doubtful debts	減：呆賬減值虧損	(1,792)	(1,650)
		312,689	375,165

15 貿易及其他應收款項(續)

(a) 賬齡分析

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

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(除另有說明外，概以人民幣列示)

15 Trade and other receivables (continued)

(b) Impairment of trade debtors and bills receivable

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

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

		The Group 本集團	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
At 1 January	於一月一日	1,650	101
Impairment loss recognised	已確認減值虧損	149	1,549
Uncollectible amounts written off	沖銷不可收回金額	(7)	—
At 31 December	於十二月三十一日	1,792	1,650

At 31 December 2010, the Group's trade debtors and bills receivable of RMB985,000 (2009: RMB1,650,000) were individually determined to be impaired. The individually impaired receivables related to customers that were in financial difficulties and management assessed that full amount of these receivables cannot be recovered. Consequently full provisions for these doubtful debts were recognised. The Group does not hold any collateral over these balances.

15 貿易及其他應收款項(續)

(b) 貿易應收款項及應收票據的減值

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

呆賬撥備(主要包括個別損失)於年內的變動如下：

於二零一零年十二月三十一日，本集團有人民幣985,000元(二零零九年：人民幣1,650,000元)的貿易應收款項及應收票據被個別認定為出現減值。該等出現減值的應收款項為客戶陷入財政困難及管理層評估為不能全數收回的應收款項。所以，本集團已對該等呆賬作全數撥備。本集團並無就該等結餘持有任何抵押品。

Notes to the Financial Statements

財務報表附註

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

15 Trade and other receivables (continued)

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

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

		The Group 本集團	
		At 31 December 於十二月三十一日	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Neither past due nor impaired	並無逾期或減值	277,710	341,370
Less than 3 months past due	逾期少於3個月	29,721	31,260
More than 3 months but less than 6 months past due	逾期多於3個月但少於6個月	5,117	1,906
More than 6 months but less than 12 months past due	逾期多於6個月但少於12個月	141	598
More than 12 months but less than 24 months past due	逾期多於12個月但少於24個月	—	31
		34,979	33,795
		312,689	375,165

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

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

15 貿易及其他應收款項(續)

(c) 無減值的貿易應收款項及應收票據

並無個別或整體地被認為出現減值的貿易應收款項及應收票據的賬齡分析如下：

並無逾期及減值的應收款項屬於為數眾多的客戶，彼等近期並無逾期付款記錄。

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

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財務報表附註

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

15 Trade and other receivables (continued)

(d) Amounts due from subsidiaries

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

16 Pledged deposits

The balance as at 31 December 2010 represented the bank deposits of RMB220,000,000 pledged by Bawang Guangzhou in favour of China Merchants Bank Guangzhou Branch (“CMB Guangzhou Branch”), in respect of the bills payable accepted by CMB Guangzhou Branch. Payment of the bill will be due on 22 June 2011.

The pledged deposits amounting to HK\$184,000,000 (equivalent to RMB162,012,000) as at 31 December 2009 were pledged by the Company in favour of China Merchants Bank Co., Ltd., in respect of the loan granted by it to Bawang Trading in 2009. It was released upon the repayment of the related loan on 18 June 2010.

15 貿易及其他應收款項(續)

(d) 應收附屬公司款項

本公司的應收附屬公司款項為無抵押、免息及預期在未來十二個月內償還。

16 抵押存款

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

於二零零九年十二月三十一日的184,000,000港元抵押存款(相當於人民幣162,012,000元)為本公司以招商銀行股份有限公司為受益人，就有關其於二零零九年向霸王貿易授出的貸款而抵押的款項。該抵押於二零一零年六月十八日償還有關貸款後解除。

17 Cash and cash equivalents

17 現金及現金等價物

		The Group 本集團		The Company 本公司	
		At 31 December 於十二月三十一日		At 31 December 於十二月三十一日	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Deposits with banks within three months to maturity when placed	自存款日起三個月內到期的銀行定期存款	614,976	264,150	—	—
Deposits with banks within six months to maturity when placed	自存款日起六個月內到期的銀行定期存款	60,000	—	—	—
Cash at bank and in hand	銀行結餘及現金	511,568	1,478,373	100,104	1,031,999
		1,186,544	1,742,523	100,104	1,031,999

Notes to the Financial Statements

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(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

17 Cash and cash equivalents (continued)

As at 31 December 2010, cash and cash equivalents in the amount of RMB1,052,380,000 (31 December 2009: RMB416,992,000) are dominated in RMB. RMB is not a freely convertible currency and the remittance of funds out of the PRC is subject to the exchange restriction imposed by the PRC government.

17 現金及現金等價物(續)

於二零一零年十二月三十一日，本集團有人民幣1,052,380,000元(二零零九年十二月三十一日：人民幣416,992,000元)的現金及現金等價物以人民幣計值。人民幣並非自由兌換的貨幣，將資金匯出中國境外受中國政府實施的外匯管制所規限。

18 Trade and other payables

18 貿易及其他應付款項

		The Group 本集團		The Company 本公司	
		At 31 December 於十二月三十一日		At 31 December 於十二月三十一日	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Trade payables	貿易應付款項	58,673	115,330	—	—
Receipts in advance	預收款項	57,460	30,790	—	—
Promotion fee payable	應付推廣費用	33,092	49,812	—	—
Accrued payroll	應付工資	18,525	11,977	255	438
Amounts due to subsidiaries	應付附屬公司款項	—	—	—	149
Derivative financial instruments	衍生金融工具	3,757	—	—	—
Other payables and accruals	其他應付款項及應計費用	57,286	85,930	100	7,549
		228,793	293,839	355	8,136

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

由供應商授予的信用期介乎30日至90日。

Notes to the Financial Statements

財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

18 Trade and other payables (continued)

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

		The Group 本集團 At 31 December 於十二月三十一日	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Due within 1 month or on demand	1個月內到期或按通知償還	40,390	84,662
Due after 1 month but within 3 months	1個月後但3個月內到期	18,283	30,668
		58,673	115,330

18 貿易及其他應付款項(續)

貿易及其他應付款項包括貿易應付款項，於結算日按到期日分析的賬齡如下：

19 Bank loans and overdrafts

		The Group 本集團 At 31 December 於十二月三十一日	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Secured bank loan within 1 year	1年內到期的 有抵押銀行貸款	209,787	158,490

19 銀行貸款及透支

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

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

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財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

19 Bank loans and overdrafts (continued)

The balances as at 31 December 2009 mainly represented a loan of HK\$180 million granted by China Merchants Bank to Bawang Trading on 18 June 2009, at an interest rate of 3-month Hong Kong Interbank Offered Rate plus a margin of 1.5%, with a one-year loan period. The loan was fully repaid on 18 June 2010. The related pledge of bank deposit of HK\$184 million, which was provided by the Company, was released on the same day.

Bawang Guangzhou obtained a standby short-term bank facility of RMB100 million from Bank of China on 24 April 2009, which was reserved for general capital purpose. The bank facility expired on 24 April 2010 and there has been no draw-down from this bank facility during the period.

20 Equity settled share-based transactions

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

19 銀行貸款及透支(續)

於二零零九年十二月三十一日的結餘為由招商銀行於二零零九年六月十八日向霸王貿易提供的180,000,000港元貸款，利息按三個月香港銀行同業拆息加1.5%計算，還款期為一年。該筆貸款已於二零一零年六月十八日全數償還。由本公司提供的相關抵押存款184,000,000港元已於當日解除。

霸王廣州於二零零九年四月二十四日取得由中國銀行提供的短期備用銀行信貸額度人民幣100,000,000元，預留用作一般營運資金。該筆銀行信貸已於二零一零年四月二十四日屆滿，於期內並無提取此項銀行信貸額度。

20 以權益結算的股份支付交易

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

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(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

20 Equity settled share-based transactions

(continued)

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

20 以權益結算的股份支付交易 (續)

(a) 授予年期及條件如下：

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

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

20 Equity settled share-based transactions (continued)

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

		2010 二零一零年		2009 二零零九年	
		Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
		加權平均 行使價	購股權數目	加權平均 行使價	購股權數目
		(in RMB)	'000	(in RMB)	'000
		(人民幣)	千	(人民幣)	千
Outstanding at the beginning of the year	於年初時尚未行使	0.63	14,322	—	—
Granted during the year	年內授出	—	—	0.63	14,532
Exercised during the year	年內行使	0.32	(2,821)	—	—
Forfeited during the year	年內失效	1.01	(210)	1.05	(210)
Outstanding at the end of the year	於年末時尚未行使	0.50	11,291	0.63	14,322
Exercisable at the end of the year	於年末時可行使	1.01	67	—	—

The weighted average share price at the date of exercise for shares options exercised during the year was HK\$5.42 (2009: not applicable).

The options outstanding at 31 December 2010 had an exercise price of HK\$0.1 or HK\$1.19 and a weighted average remaining contractual life of 8.43 years (2009: 9.43 years).

20 以權益結算的股份支付交易(續)

(b) 購股權數目及加權平均行使價如下：

於本年行使的購股權中，行使日股票的加權平均價值為5.42港元(二零零九年：不適用)。

於二零一零年十二月三十一日尚未行使的購股權的行權價為0.1港元或1.19港元，加權平均剩餘合約年期為8.43年(二零零九年：9.43年)。

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(除另有說明外，概以人民幣列示)

20 Equity settled share-based transactions

(continued)

(c) Fair value of share options and assumptions

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

Fair value of share options and assumptions

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

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

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

During the year ended 31 December 2010, equity-settled share-based payments expenses amounted to RMB8,413,000 (2009: RMB6,435,000) were recognised in the consolidated income statement.

20 以權益結算的股份支付交易(續)

(c) 購股權公允價值及假設

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

購股權公允價值及假設

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

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

於截至二零一零年十二月三十一日止年度，已於合併損益表中確認的以權益結算的股份支付的開支金額為人民幣8,413,000元(二零零九年：人民幣6,435,000元)。

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(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

21 Income tax in the balance sheet

(a) Current taxation in the balance sheet represents:

		The Group 本集團	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Provision for PRC income tax for the year (Note 7(a))	年內中國所得稅撥備 (附註7(a))	9,660	63,731
Provision for Hong Kong Profits Tax for the year (Note 7(a))	年內香港利得稅撥備 (附註7(a))	3,745	1,866
PRC income tax paid	已付中國所得稅	(26,216)	(33,443)
Hong Kong Profits Tax paid	已付香港利得稅	(81)	(334)
		(12,892)	31,820
Balance of PRC income tax and Hong Kong Profits Tax relating to prior years	過往年度的 中國所得稅及 香港利得稅結餘	—	—
		(12,892)	31,820
Represented by:			
Income tax payables	應付即期所得稅	—	31,820
Income tax recoverable	應收即期所得稅	(12,892)	—

21 資產負債表內的所得稅

(a) 資產負債表內的即期稅項為：

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(除另有說明外，概以人民幣列示)

21 Income tax in the balance sheet (continued)

(b) Deferred tax assets recognised:

The Group

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

	Inventory provision	Accruals	Advertising and promotional expenses exceeding the deduction allowance limit in the current year to be carried forward (i) 可結轉下年度的廣告及宣傳費用超過本年度稅前扣除限額的部分	Tax losses (ii)	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Deferred tax arising from: 遞延稅項產生於：						
At 1 January 2009 二零零九年一月一日	—	—	—	—	—	—
Credited to profit or loss 計入損益	—	—	—	—	—	—
At 31 December 2009 二零零九年十二月三十一日	—	—	—	—	—	—
At 1 January 2010 二零一零年一月一日	—	—	—	—	—	—
Credited to profit or loss 計入損益	1,811	7,199	13,224	4,591	264	27,089
At 31 December 2010 二零一零年十二月三十一日	1,811	7,199	13,224	4,591	264	27,089

21 資產負債表內的所得稅 (續)

(b) 已確認的遞延稅項資產

本集團

於合併資產負債表內確認的遞延稅項資產的組成部分及其年內變動如下：

Notes to the Financial Statements 財務報表附註

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

21 Income tax in the balance sheet (continued)

(b) Deferred tax assets recognised: (continued)

The Group (continued)

Notes:

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

21 資產負債表內的所得稅 (續)

(b) 已確認的遞延稅項資產 (續)

本集團 (續)

註釋：

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

Notes to the Financial Statements 財務報表附註

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

21 Income tax in the balance sheet (continued)

(c) Deferred tax liability recognised:

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

		Deferred tax liability arising from undistributed earning of PRC subsidiary 中國附屬公司未分派盈利產生的遞延稅項負債
At 1 January 2009	於二零零九年一月一日	6,369
Charged to profit or loss	計入損益	20,062
Payment	本年支付	(6,369)
At 31 December 2009	於二零零九年十二月三十一日	20,062
At 1 January 2010	於二零一零年一月一日	20,062
Charged to profit or loss	計入損益	—
Payment	本年支付	(18,031)
At 31 December 2010	於二零一零年十二月三十一日	2,031

21 資產負債表內的所得稅 (續)

(c) 已確認的遞延稅項負債

於合併資產負債表內確認的遞延稅項負債及其年內變動如下：

(d) Reconciliation to the balance sheet

(d) 與資產負債表對賬

		The Group 本集團	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Net deferred tax asset recognised in the balance sheet	於資產負債表中確認的遞延稅項資產淨額	27,089	—
Net deferred tax liability recognised in the balance sheet	於資產負債表中確認的遞延稅項負債淨額	(2,031)	(20,062)
		25,058	(20,062)

Notes to the Financial Statements 財務報表附註

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

22 Capital, reserves and dividends

(a) Movements in components of equity

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

The Company

	Note	Share capital	Share premium	Capital reserve	Translation reserve	Retained earnings/ (accumulated losses)	Total equity
	附註	股本 RMB'000 人民幣千元	股本溢價 RMB'000 人民幣千元	資本儲備 RMB'000 人民幣千元	匯兌儲備 RMB'000 人民幣千元	留存溢利/ (累計虧損) RMB'000 人民幣千元	權益總額 RMB'000 人民幣千元
Balance at 1 January 2009	於二零零九年一月一日結餘	—	—	—	4	(7,597)	(7,593)
Changes in equity for 2009:	二零零九年權益變動：						
Dividends approved in respect of the previous year	已批准之上年度股息	—	—	—	—	(249,680)	(249,680)
Purchase of own shares — par value paid	已批准之本年度股息	—	—	—	—	—	—
Shares issued under initial public offering	根據購股權計劃發行的股份	256,134	1,342,774	—	—	—	1,598,908
Equity settled share-based transactions	以權益結算的股份支付交易	—	—	6,435	—	—	6,435
Total comprehensive income for the year	年內綜合收益總額	—	—	—	(4)	253,860	253,856
Balance at 31 December 2009 and 1 January 2010	於二零零九年十二月三十一日及二零一零年一月一日結餘	256,134	1,342,774	6,435	—	(3,417)	1,601,926
Changes in equity for 2010:	二零一零年權益變動：						
Dividends approved in respect of the previous year	已批准之上年度股息	—	—	—	—	(216,108)	(216,108)
Dividends declared in respect of the current year	已批准之本年度股息	—	—	—	—	(101,600)	(101,600)
Shares issued under share option scheme	根據購股權計劃發行的股份	246	5,865	(5,180)	—	—	931
Equity settled share-based transactions	以權益結算的股份支付交易	—	—	8,413	—	—	8,413
Total comprehensive income for the year	年內綜合收益總額	—	—	—	(34,877)	312,461	277,584
Balance at 31 December 2010	於二零一零年十二月三十一日結餘	256,380	1,348,639	9,668	(34,877)	(8,664)	1,571,146

22 股本、儲備及股息

(a) 權益組成部分的變動

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

本公司

Notes to the Financial Statements

財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

22 Capital, reserves and dividends (continued)

(b) Dividends

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

		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Interim and special dividends declared and paid of HK4 cents per ordinary share (2009: nil)	中期股息和特別股息的宣告和發放，每股普通股港幣4仙 (二零零九年：零)	101,600	—
Final and special dividends proposed, approved and paid after the end of the reporting period (2009: HK8.5 cents per ordinary share)	於結算日後提議、批准及支付的末期股息和特別股息 (二零零九年：每股普通股港幣8.5仙)	—	216,108
		101,600	216,108

The final and special dividends proposed, approved and paid after the balance sheet date have not been recognised as a liability at the balance sheet date.

於結算日後提議、批准及支付的末期和特別股息並未於資產負債表中確認為負債。

22 股本、儲備及股息(續)

(b) 股息

(i) 本公司權益持有人年內應佔應付股息

Notes to the Financial Statements

財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

22 Capital, reserves and dividends (continued)

(b) Dividends (continued)

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

	2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Final and special dividends in respect of the previous financial year, approved and paid during the year, of HK4.25 cents per ordinary share (2009: RMB0.12 per ordinary share)	108,054	249,680
Special dividends in respect of the previous financial year, approved and paid during the year, of HK4.25 cents per ordinary share (2009: nil)	108,054	—
	216,108	249,680

22 股本、儲備及股息(續)

(b) 股息(續)

(ii) 於年內批准並向本公司權益持有人支付的以往財政年度應付股息

Notes to the Financial Statements

財務報表附註

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

22 Capital, reserves and dividends (continued)

22 股本、儲備及股息(續)

(c) Share capital

(c) 股本

Authorised and issued share capital

法定及已發行股本

		2010 二零一零年		2009 二零零九年	
		No. of shares 股份數目		No. of shares 股份數目	
		('000)	RMB'000	('000)	RMB'000
		(千)	人民幣千元	(千)	人民幣千元
Authorised:	法定：				
Ordinary shares of HK\$0.1 each	每股0.1港元之 普通股	10,000,000	880,500	10,000,000	880,500
Ordinary shares, issued and fully paid:	已發行及繳足 普通股：				
At 1 January	於一月一日	2,905,000	256,134	—	—
Shares repurchased	回購股份	—	—	—	—
Shares issued	增發股份	—	—	10	1
Capitalisation issue	資本化發行	—	—	2,099,990	185,156
Shares issued under initial public offering	首次公開發售 發行之股份	—	—	805,000	70,977
Shares issued under share option scheme (i)	根據股權計劃 發行之股份(i)	2,821	246	—	—
At 31 December	於十二月三十一日	2,907,821	256,380	2,905,000	256,134

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

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

Notes to the Financial Statements 財務報表附註

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

22 Capital, reserves and dividends (continued)

(c) Share capital (continued)

(i) Shares issued under share option scheme

In July 2010, options were exercised to subscribe for 2,820,720 ordinary shares in the Company at a consideration of HK\$1,067,657 (equivalent to approximately RMB931,424) of which HK\$282,072 (equivalent to approximately RMB246,080) was credited to share capital and the balance of HK\$785,585 (equivalent to approximately RMB685,344) was credited to the share premium account. RMB5,179,928 has been transferred from the capital reserve to the share premium account in accordance with policy set out in Note 2(j)(iii).

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

Exercise period		Exercise price	2010 二零一零年 Number 數目	2009 二零零九年 Number 數目
行權期		行權價		
4 July 2010 to 8 June 2019	二零一零年七月四日至 二零一九年六月八日	HK\$0.1	6,300,000	8,400,000
		HK\$1.19	4,991,280	5,922,000
			11,291,280	14,322,000

Each option entitles the holder to subscribe for one ordinary share in the Company. Further details of these options are set out in Note 20(a) to the financial statements.

22 股本、儲備及股息(續)

(c) 股本(續)

(i) 根據購股權計劃發行之股份

於二零一零年七月，購股權持有人通過行使購股權認購本公司2,820,720股普通股，行使購股權所支付的對價為1,067,657港元(折合人民幣931,424元)。其中，記入股本的金額為282,072港元(折合人民幣246,080元)，記入股本溢價的金額為785,585港元(折合人民幣685,344元)。此外，根據附註2(j)(iii)所述的會計政策，本公司從資本儲備轉出人民幣5,179,928元至股本溢價。

(ii) 於結算日未失效及未行使的購股權年期

每份購股權賦予持有人認購本公司一股普通股。購股權進一步的詳情列載於財務報表附註20(a)。

Notes to the Financial Statements

財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

22 Capital, reserves and dividends (continued)

(d) Nature and purpose of reserves

(i) Share premium

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

(ii) Capital reserve

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

(iii) PRC statutory reserves

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

22 股本、儲備及股息(續)

(d) 儲備性質及用途

(i) 股本溢價

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

(ii) 資本儲備

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

(iii) 中國法定儲備

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

Notes to the Financial Statements

財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

22 Capital, reserves and dividends (continued)

(d) Nature and purpose of reserves (continued)

(iii) PRC statutory reserves (continued)

Bawang Guangzhou and Bawang Beverage, which are wholly foreign owned enterprises established in the PRC, are required to transfer at least 10% of their net profit (after offsetting prior year losses), as determined under the PRC accounting rules and regulations, to statutory general reserve until the reserve balance reaches 50% of the registered capital under the PRC Company Law and the articles of association of the entity. The transfer to this reserve must be made before distribution of dividends to the equity shareholder. The statutory reserve balance of Bawang Guangzhou has reached 50% of its registered capital, hence, no further transfer to statutory reserves was made by Bawang Guangzhou since 2008. No appropriation to statutory reserves was made by Bawang Beverage as of 31 December 2010, as it recorded a loss for the year ended 31 December 2010.

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.

22 股本、儲備及股息(續)

(d) 儲備性質及用途(續)

(iii) 中國法定儲備(續)

霸王廣州及霸王飲料乃於中國成立的外商獨資企業，其須根據中國會計規則及規例，轉撥其溢利最少10%的淨溢利(彌補以往年度的虧損後)至一般法定儲備，直至儲備結餘達到中國公司法及該實體的公司章程規定的註冊資本的50%為止。轉撥至該儲備須於向權益持有人分派股息前進行。霸王廣州的法定儲備結餘已達至註冊股本的50%，因此從二零零八年起無須再向法定儲備作轉撥。由於霸王飲料於截至二零一零年十二月三十一日止年度發生虧損，所以並沒有向法定儲備轉撥任何溢利。

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%。

Notes to the Financial Statements

財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

22 Capital, reserves and dividends (continued)

(d) Nature and purpose of reserves (continued)

(iv) Merger reserve

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

(v) Translation reserve

Translation reserve comprises all foreign exchange differences arising from the translation of the financial statements in foreign currency.

(vi) Distributability of reserves

The aggregate amount of distributable reserves of the Company as at 31 December 2010 was RMB1,339,975,000 (2009: RMB1,339,357,000).

(e) Capital management

The Group's policy is to maintain a strong capital base so as to maintain creditor and market confidence and to sustain future development of the business. The Group defines the capital of the Group as the total shareholders' equity.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

22 股本、儲備及股息(續)

(d) 儲備性質及用途(續)

(iv) 合併儲備

於二零零七年十二月二十日，本公司全資附屬公司霸王香港以同等價格收購12,500,000美元的霸王廣州全部權益(之前由控股股東擁有的一家公司持有)。因此霸王廣州的股本被抵銷，抵銷時的滙兌差額產生合併儲備。

(v) 滙兌儲備

滙兌儲備包括換算以外幣計量的財務報表所產生的全部滙兌差額。

(vi) 可供分派儲備

於二零一零年十二月三十一日，本公司的可供分派儲備合共人民幣1,339,975,000元(二零零九年：人民幣1,339,357,000元)。

(e) 資本管理

本集團的政策旨在維持穩健資本基礎，以保持債權人及市場信心，以及支持日後的業務發展。本集團將資本定義為股東權益總額。

本公司及其任何附屬公司概不受外界資本規定限制。

Notes to the Financial Statements

財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

23 Financial risk management and fair values

The Group has exposure to the following risks in the normal course of business:

- Foreign currency risk
- Interest rate risk
- Credit risk
- Liquidity risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

23 金融風險管理及公允價值

本集團於日常業務過程中承受以下風險：

- 外匯風險
- 利率風險
- 信貸風險
- 流動資金風險

本附註呈列有關本集團承受的上述風險、本集團評估及管理風險的目標、政策及程序。

董事會全權負責建立及監督本集團的風險管理架構。

本集團制定風險管理政策，以識別及分析本集團所面臨的風險、設立適當的風險上限及控制措施，以及監控風險並將其維持在上限以內。本集團定期檢討風險管理政策及系統，以反映市場狀況及本集團業務的變動。本集團旨在透過培訓及管理準則與程序，發展具紀律且積極的監控環境，讓所有僱員了解彼等的職能及責任。

Notes to the Financial Statements 財務報表附註

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

23 Financial risk management and fair values (continued)

(a) Foreign currency risk

The Group is exposed to currency risk primarily through sales and purchases and other transactions which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate.

Included in assets and liabilities are the following amounts denominated in a currency other than the functional currency of the entity to which they relate:

23 金融風險管理及公允價值 (續)

(a) 外匯風險

本集團承受的外幣風險主要源自買賣及其他交易產生的以外幣列值的應收款、應付款及現金結餘，即交易以經營實體功能貨幣以外的貨幣進行。

計入資產及負債且以實體功能貨幣以外貨幣計值的款項如下：

		At 31 December 於十二月三十一日	
		2010 二零一零年	2009 二零零九年
Cash and cash equivalents	現金及現金等價物		
HK\$ ('000)	港元(千元)	133,779	1,686,944
US\$ ('000)	美元(千元)	2,846	302
SG\$ ('000)	新加坡元(千元)	—	—
Prepayment	預付款項		
US\$ ('000)	美元(千元)	1,640	1,777
HK\$ ('000)	港元(千元)	553	—
SG\$ ('000)	新加坡元(千元)	54	—
Trade and other receivables	貿易及其他應收款項		
HK\$ ('000)	港元(千元)	22,556	19,905
Bank loans and overdraft	銀行貸款及透支		
HK\$ ('000)	港元(千元)	—	(180,000)
US\$ ('000)	美元(千元)	(31,690)	—
Trade and other payables	貿易及其他應付款項		
HK\$ ('000)	港元(千元)	(7,868)	(5,728)
US\$ ('000)	美元(千元)	—	(1,105)
Current tax payables	應付即期稅項		
HK\$ ('000)	港元(千元)	(3,759)	(1,740)

Notes to the Financial Statements

財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

23 Financial risk management and fair values (continued)

(a) Foreign currency risk (continued)

The Group is exposed to foreign currency risk on the bank deposits, prepayment, trade and other receivables, bank loans and overdraft, other payables and current tax payables. The currencies giving rise to this risk are primarily Hong Kong Dollars (“HKD”) and United States Dollars (“USD”).

Sensitivity analysis

The foreign currency sensitivity is calculated based on the major net foreign currency exposure of the Group as at the balance sheet dates, assuming 5% shift of RMB against HKD and USD are as follows:

Results from a 5% strengthening of the RMB against HKD and USD on the loss after tax and accumulated losses as at 31 December 2010 (or on the profit after tax and retained earnings at 31 December 2009) are shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

		(Increase)/ decrease on loss after tax and accumulated loss as at 31 December 2010
		除稅後虧損及 累計虧損 (增加)/減少
Effect in RMB'000	以人民幣千元列值	
HK\$	港元	(4,966)
US\$	美元	7,414
SG\$	新加坡元	(12)

23 金融風險管理及公允價值 (續)

(a) 外匯風險 (續)

本集團在銀行存款、預付款項、貿易及其他應收款項、銀行貸款及透支、其他應付款項及應付即期稅項方面承受外匯風險。導致此風險的貨幣主要為港元(「港元」)及美元(「美元」)。

敏感度分析

根據本集團於結算日的主要外匯淨風險計算的外匯敏感度分析如下(假設人民幣兌港元及美元匯率調整5%)：

人民幣兌港元及美元升值5%導致於二零一零年十二月三十一日的除稅後虧損及累計虧損或於二零零九年十二月三十一日的除稅後溢利及保留溢利發生如下變動。該分析假設所有其他變量(尤其是利率)保持不變。

Notes to the Financial Statements

財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

23 Financial risk management and fair values (continued)

(a) Foreign currency risk (continued)

		Increase/ (decrease) on profit after tax and retained earnings at 31 December 2009 除稅後溢利及 留存溢利 增加／(減少) 於二零零九年 十二月三十一日 人民幣千元
Effect in RMB'000	以人民幣千元列值	
HK\$	港元	(66,891)
US\$	美元	(332)
SG\$	新加坡元	—

A 5% weakening of the RMB against the above currencies at 31 December 2010 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

假設所有其他變量保持不變，於二零一零年十二月三十一日人民幣兌上述貨幣貶值5%會對上文所示貨幣金額產生等額但相反的影響。

23 金融風險管理及公允價值 (續)

(a) 外匯風險 (續)

Notes to the Financial Statements

財務報表附註

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

23 Financial risk management and fair values (continued)

(b) Interest rate risk

Interest-bearing financial instruments at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest risk, respectively. The Group's interest rate profile as monitored by management is set out in (i) below.

(i) Interest rate profile

The following table details the interest rate profile of the Group's interest bearing financial instruments at the balance sheet date.

		The Group			
		2010 二零一零年		2009 二零零九年	
		Effective interest rates 實際利率	Amount 金額 '000 人民幣千元	Effective interest rates 實際利率	Amount 金額 '000 人民幣千元
Fixed rate instruments:	固定利率金融工具				
Financial assets	金融資產				
– Deposits with banks within three months to maturity when placed	– 自存款日起三個月內到期的銀行定期存款	1.71%–1.80%	614,976	0.22%	264,150
– Deposits with banks within six months to maturity when placed	– 自存款日起六個月內到期的銀行定期存款	1.98%	60,000	–	–
– Cash at bank	– 活期存款	0.01%–1.35%	511,257	0.01%–0.36%	1,351,071
– Pledged deposits	– 抵押存款	2.25%	220,000	0.56%	162,012
Financial liabilities	金融負債				
– Bank loans and overdrafts	– 銀行貸款與透支	3.30%	(209,787)	–	–
			1,196,446		1,777,233
Variable rate instruments	淨動利率金融工具				
Financial liabilities	金融負債				
– Bank loans and overdrafts	– 銀行貸款及透支	–	–	1.64%	158,490

23 金融風險管理及公允價值 (續)

(b) 利率風險

固定利率和浮動利率的帶息金融工具分別使本集團面臨現金流量利率風險及公允價值利息風險。本集團由管理層監察的利率組合載於下文(i)。

(i) 利率組合

下表詳述本集團於結算日所持有帶息金融工具的利率組合。

Notes to the Financial Statements

財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

23 Financial risk management and fair values (continued)

(b) Interest rate risk (continued)

(ii) Sensitivity analysis

At 31 December 2010, it is estimated that a general increase/decrease of 25 basis points in interest rates, with all other variables held constant, would have increased/decreased the Group's loss after tax and accumulated losses by approximately RMB2,627,047 (2009: would have decreased/increased the Group's profit after tax and retained earnings by approximately RMB650,000).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to interest rate risk for both derivative and non-derivative financial instruments in existence at that date. The 25 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual balance sheet date. The analysis has been performed on the same basis for 2009.

(c) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

23 金融風險管理及公允價值 (續)

(b) 利率風險 (續)

(ii) 敏感性分析

於二零一零年十二月三十一日，若利率普遍上升／下降25個基點而所有其他可變因素維持不變，則本集團的除稅後虧損及累計虧損將會增加／減少約人民幣2,627,047元(二零零九年：除稅前溢利和保留溢利將會增加／減少約人民幣650,000元)。

上述敏感度分析乃假設利率變動於結算日出現，並應用於在該日已存在之衍生及非衍生金融工具所承受之利率風險上。利率上調或下調25個基點代表管理層對利率於直至下一個年度結算日期間之合理的可能變動所作出的評估。分析已按與二零零九年相同之基準進行。

(c) 信用風險

信用風險指倘若客戶或金融工具交易方無法履行其合約責任而導致本集團蒙受財務虧損的風險，有關風險主要來自本集團的貿易及其他應收款項。管理層已建立一套信用政策，並持續監察該等信用風險。

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(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

23 Financial risk management and fair values (continued)

(c) Credit risk (continued)

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group has established a credit policy under which credit evaluations are performed on all customers requiring credit. These receivables are generally due within 30–180 days from the date of billing. Credit limit is established for each customer which represents the maximum open amount or credit term without requiring approval from the Board of Directors. These limits are reviewed annually. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group on a prepayment basis. The Group chases the customers to settle the due balances and monitors the settlement progress on an ongoing basis. The Group does not collect collateral in respect of trade and other receivables.

The Group has a concentration of credit risk of the total trade receivables due from the Group's largest customer and the five largest customers as follows:

		At 31 December 於十二月三十一日	
		2010 二零一零年	2009 二零零九年
Due from	應收以下人士款項		
– largest customer	– 最大客戶	6%	6%
– five largest customers	– 前五大客戶	11%	15%

The maximum exposure of credit risk is represented by the carrying amount of each financial asset in the consolidated balance sheet. The Group does not provide guarantees which would expose the Group to the credit risk.

23 金融風險管理及公允價值 (續)

(c) 信用風險 (續)

本集團的信貸風險主要受各個客戶的個別情況影響。本集團已建立一套信用政策，據此對所有需要信用的客戶進行信用評估。該等應收款項一般於賬單發出日期後30至180日內到期。為各個客戶所設的信用限額指毋須經董事會批准的最高信用額度或信用期，有關限額須每年檢討。不符合本集團信用標準的客戶可以預付形式與本集團交易。本集團向客戶追收到期結餘，並持續監察付款情況。本集團並無就貿易及其他應收款項收取抵押品。

本集團有一定程度的信用集中風險，以下為本集團最大客戶及五大客戶的貿易應收款項總額：

最高信用風險為合併資產負債表內各項金融資產的賬面值。本集團不會就所承受的信貸風險提供擔保。

Notes to the Financial Statements

財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

23 Financial risk management and fair values (continued)

(c) Credit risk (continued)

Other than those trade and other receivables that impairment losses have been made for (Note 15(b)), there are no other significant credit risks identified.

(d) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group ensures that it maintains sufficient reserves of cash on demand to meet its liquidity requirement in the short and longer term; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

23 金融風險管理及公允價值 (續)

(c) 信用風險 (續)

除已作出減值虧損的貿易及其他應收款項(附註15(b))外，並無識別出其他重大信用風險。

(d) 流動資金風險

流動資金風險指本集團無法履行到期的財務責任的風險。本集團管理流動資金風險的方法，為盡量確保在一般及緊急情況下備有足夠的流動資金應付到期的負債，使本集團毋須承擔不能接受的虧損或聲譽受損的風險。

本集團確保在需要時保持足夠現金儲備，以滿足其短期及長期流動資金需求，惟不包括無法合理預計的特殊情況(如自然災害)的潛在影響。

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(除另有說明外，概以人民幣列示)

23 Financial risk management and fair values (continued)

(d) Liquidity risk (continued)

The following table details the remaining contractual maturities at the balance sheet date of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet date) and the earliest date the Group can be required to pay:

		Contractual undiscounted cash outflow	
		合約未折現現金流出	
		2010	2009
		二零一零年	二零零九年
		Within 1 year or on demand	Within 1 year or on demand
		1年內或應要求	1年內或應要求
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Bank loans and overdrafts	銀行貸款及透支	213,058	158,490
Trade and other payables	貿易及其他應付款項	225,036	293,839
Amounts due to related parties	應付關聯方款項	3,363	5,896
		441,457	458,225
Forward foreign exchange contracts — outflow	遠期外匯合約 — 流出	213,770	—

23 金融風險管理及公允價值 (續)

(d) 流動資金風險 (續)

下表詳述於結算日本集團之金融負債之日餘下合約到期款項。這些乃按合約未折現現金流量(包括按合約利率或(如浮動)按結算日的現行利率計算的利息款項)及本集團須支付之最早日期計算：

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(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

23 Financial risk management and fair values (continued)

(e) Fair value

(i) Financial instruments carried at fair value

The following table presents the carrying value of financial instruments measured at fair value at the end of the reporting period across the three levels of the fair value hierarchy defined in IFRS 7, *Financial Instruments: Disclosures*, with the fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

- Level 1 (highest level): fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments
- Level 2: fair values measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data
- Level 3 (lowest level): fair values measured using valuation techniques in which any significant input is not based on observable market data

23 金融風險管理及公允價值 (續)

(e) 公允價值

(i) 以公允價值計量的金融工具

以下表格呈報了資產負債表日根據國際財務報告準則第7號「金融工具：披露」中所定義的三個公允價值級別劃分的以公允價值計量的金融資產，而每種金融工具則完全基於對計量其公允價值具有重大意義的參數的最低級別來分類。有關等級詳情如下：

- 第1級(最高等級)：參照活躍市場中相同金融工具的報價(未經調整)計算公允價值
- 第2級：參照活躍市場中類似金融工具的報價，或全部重要參數直接或間接基於可觀察市場數據的估值技術，計算公允價值
- 第3級(最低等級)：任何重要參數並非基於可觀察市場數據的估值技術計算公允價值

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(除另有說明外，概以人民幣列示)

23 Financial risk management and fair values (continued)

(e) Fair value (continued)

(i) Financial instruments carried at fair value (continued)

2010		The Group 本集團 Level 2 第二級 RMB'000 人民幣千元
Liabilities	負債	
Derivative financial instruments	衍生金融工具	
— Forward exchange contracts	— 遠期外匯合約	3,757

There was no financial instrument carried at fair value as at 31 December 2009.

During the years ended 31 December 2010, there was no transfer between instruments in Level 1 and Level 2.

(ii) Fair value of financial instruments carried at other than fair value

The carrying amounts of all financial assets and liabilities carried at amortised cost approximate their respective fair values as at 31 December 2010 and 2009 due to the short maturities of these instruments.

23 金融風險管理及公允價值 (續)

(e) 公允價值 (續)

(i) 以公允價值計量的金融工具 (續)

於二零零九年十二月三十一日沒有以公允價值計量的金融工具。

於截至二零一零年十二月三十一日止年度沒有第1級和第2級之間的重大重新分類。

(ii) 非以公允價值計量的金融工具的公允價值

由於以攤餘成本法計量的全部金融資產及負債均於短期內到期，故該等金融工具於二零一零年及二零零九年十二月三十一日的賬面價值與其公允價值相若。

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24 Commitments

(a) Capital commitments outstanding at 31 December 2010 not provided for in the financial statements were as follows:

	2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Contracted for 已簽約	27,923	3,503

(b) At 31 December 2010, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

		The Group 本集團 At 31 December 於十二月三十一日	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Leases expiring:	租約於下列期間到期：		
Within 1 year	1年內	3,224	2,777
Between 1 and 2 years	1至2年	3,048	686
Between 2 and 3 years	2至3年	2,864	730
Between 3 and 6 years	3至6年	814	1,217
Over 6 years	大於6年	1,694	—
Total	總計	11,644	5,410

The significant leasing arrangements under operating leases include the lease of the production premises and office from Guangzhou Bawang Cosmetics Co., Ltd. as set out in Note 25(a)(i).

(a) 於二零一零年十二月三十一日並無在財務報表中反映的資本承擔如下：

(b) 於二零一零年十二月三十一日，本集團不可撤銷經營租賃應付的未來最低租金總額如下：

經營租賃項下的主要租賃安排（包括向廣州霸王化妝品有限公司租用生產廠房及辦公室）載於附註25(a)(i)。

Notes to the Financial Statements 財務報表附註

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(除另有說明外，概以人民幣列示)

25 Material related party transactions

During the year ended 31 December 2010, the directors are of the view that related parties of the Group include the following individuals/companies:

25 重大關聯方交易

截至二零一零年十二月三十一日止年度，董事認為本集團的關聯方包括以下人士／公司：

Name of related party 關聯方名稱	Relationship with the Group 與本集團的關係
Mr. CHEN Qiyuan 陳啟源先生	Controlling Shareholder 控股股東
Ms. WAN Yuhua 萬玉華女士	Controlling Shareholder 控股股東
Actual Reality Inc.	100% owned by the Controlling Shareholders 由控股股東100%擁有
Guangzhou Qiancai Packaging Materials Co., Ltd. 廣州市倩采包裝材料有限公司	Under the control of Controlling Shareholders' close family member 受控股股東關係密切的家庭成員控制
Guangzhou Chenming Paper Products Company Limited 廣州晨明紙品有限公司	Under the control of Controlling Shareholders' close family member 受控股股東關係密切的家庭成員控制
Guangzhou Bawang Comsmetics Co., Ltd. ("Guangzhou Bawang") 廣州霸王化妝品有限公司（「廣州霸王」）	Effectively 100% owned by the Controlling Shareholders 由控股股東100%有效擁有

(a) Transactions with related parties

(i) Production premises and office lease agreements

Bawang Guangzhou, a wholly owned subsidiary of the Company, and Guangzhou Bawang entered into a production premise and office lease agreement on 22 January 2008, pursuant to which Bawang Guangzhou leased from Guangzhou Bawang the production premise and office building with a total floor area of 16,735 square metres. The term of the lease under the agreement is 3 years with a fixed monthly rental payable of RMB184,083, commencing from 4 December 2007.

(a) 與關聯方的交易

(i) 生產廠房及辦公室租賃協議

霸王廣州（本公司的全資附屬公司）及廣州霸王於二零零八年一月二十二日訂立生產廠房及辦公室租賃協議，據此，霸王廣州向廣州霸王租用總樓面面積16,735平方米的生產廠房及辦公室樓宇。此協議項下的租期由二零零七年十二月四日起生效，為期三年，每月應付固定租金為人民幣184,083元。

Notes to the Financial Statements

財務報表附註

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

25 Material related party transactions

(continued)

(a) Transactions with related parties

(continued)

(i) Production premises and office lease agreements (continued)

On 21 January 2011, Bawang Guangzhou and Guangzhou Bawang entered into an agreement pursuant to which the production premise and office lease agreement was renewed for a term of three years commencing from 4 December 2010, at a fixed monthly rental of RMB184,083.

(ii) Purchase of raw materials from related parties

		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Guangzhou Qiancai Packaging Materials Co., Ltd.	廣州市倩采包裝材料有限公司	5,227	4,624
Guangzhou Chenming Paper Products Company Limited	廣州晨明紙品有限公司	9,013	9,925

The directors have confirmed that the basis of consideration for the above purchase of raw materials from related parties is the prevailing market price.

25 重大關聯方交易(續)

(a) 與關聯方的交易(續)

(i) 生產廠房及辦公室租賃協議(續)

霸王廣州與廣州霸王於二零一一年一月二十一日就租賃該物業重續租約，租期自二零一零年十二月四日起為期3年，租金為每個月人民幣184,083元。

(ii) 向關聯方購買原材料

董事已確認，上述向關聯方購買原材料的定價考慮基準為現行市價。

Notes to the Financial Statements 財務報表附註

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

25 Material related party transactions (continued)

(a) Transactions with related parties (continued)

(iii) Utilities expenses paid on behalf of the Group

	2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Guangzhou Bawang 廣州霸王	5,031	5,733

The directors are of the opinion that the above transactions set out in Note 25(a)(i), 25(a)(ii) and 25(a)(iii) with related parties were conducted on normal commercial terms in the ordinary course of business.

(iv) Repayment of advertising fee paid by a related party on behalf of the Group

	2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Actual Reality Inc.	—	42,891

(v) Net repayment of advances to Controlling Shareholders

	2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
CHEN Qiyuan 陳啟源	—	104,318

25 重大關聯方交易(續)

(a) 與關聯方的交易(續)

(iii) 代本集團支付的水電費

	2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Guangzhou Bawang 廣州霸王	5,031	5,733

董事認為，以上附註25(a)(i)、25(a)(ii)及25(a)(iii)所列與關聯方的交易乃在日常業務過程中按正常商業條款進行。

(iv) 向關聯方償還其代本集團支付的廣告費用

	2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Actual Reality Inc.	—	42,891

(v) 控股股東所償還其代收的貿易應收款項

	2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
CHEN Qiyuan 陳啟源	—	104,318

Notes to the Financial Statements

財務報表附註

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

25 Material related party transactions

(continued)

(a) Transactions with related parties

(continued)

(vi) Short-term advance to Guangzhou Bawang

		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Guangzhou Bawang	廣州霸王	—	834

(vii) Repayment of advance from Guangzhou Bawang

		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Guangzhou Bawang	廣州霸王	—	888

(b) Balances with related parties

As at the respective balance sheet dates, the Group had the following balances with related parties:

(i) Trade and other payables

		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Non-trade related	非貿易相關		
Guangzhou Bawang	廣州霸王	1,978	2,657
Trade related	與貿易相關		
Guangzhou Qiancai Packaging Materials Co.,Ltd.	廣州市倩采包裝材料有限公司	290	1,136
Guangzhou Chenming Paper Products Company Limited	廣州晨明紙品有限公司	1,095	2,103
Total		3,363	5,896

25 重大關聯方交易(續)

(a) 與關聯方的交易(續)

(vi) 向廣州霸王支付的短期墊款

		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Guangzhou Bawang	廣州霸王	—	834

(vii) 廣州霸王償還墊款

		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Guangzhou Bawang	廣州霸王	—	888

(b) 與關聯方的結餘

於各結算日本集團與關聯方的結餘如下：

(i) 貿易及其他應付款項

		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Non-trade related	非貿易相關		
Guangzhou Bawang	廣州霸王	1,978	2,657
Trade related	與貿易相關		
Guangzhou Qiancai Packaging Materials Co.,Ltd.	廣州市倩采包裝材料有限公司	290	1,136
Guangzhou Chenming Paper Products Company Limited	廣州晨明紙品有限公司	1,095	2,103
Total		3,363	5,896

Notes to the Financial Statements

財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

25 Material related party transactions

(continued)

(b) Balances with related parties (continued)

(i) Trade and other payables (continued)

The above non-trade related balances are unsecured, interest free and have no fixed terms of repayment. As at 31 December 2010, the balance due to Guangzhou Bawang mainly represented the rental payable for the production premise provided by Guangzhou Bawang from April to December 2010 and the utility expenses paid by Guangzhou Bawang on behalf of the Group for December 2010.

(c) Key management personnel compensation

Remuneration for key management personnel, including the amounts paid to the Group's directors as disclosed in Note 8 and certain of the highest paid employees as disclosed in Note 9, is as follows:

		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Short-term employee benefits	短期僱員福利	3,675	3,004
Contributions to defined contribution retirement plan	界定供款退休計劃供款	142	207
Equity compensation benefits	股份支付福利	5,543	4,296
Total	總計	9,360	7,507

Total remuneration is included in "staff costs" (Note 6(b)).

25 重大關聯方交易 (續)

(b) 與關聯方的結餘 (續)

(i) 貿易及其他應付款項 (續)

上述與非貿易有關的結餘為無抵押、免息且無固定還款期。於二零一零年十二月三十一日，應付廣州霸王的結餘主要為本集團因租用生產場所而應付廣州霸王的二零一零年四月至十二月租賃費及廣州霸王代本集團支付的二零一零年十二月水電費。

(c) 主要管理人員薪酬

主要管理人員薪酬包括附註8所載的支付予本集團董事及附註9所載數位最高薪僱員的金額，概括如下：

薪酬總額計入「員工成本」(見附註6(b))。

Notes to the Financial Statements

財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

26 Immediate and ultimate controlling party

At 31 December 2010, the directors consider the immediate parent and ultimate controlling party of the Group to be Fortune Station Ltd., which is incorporated under the laws of BVI with limited liability and beneficially owned by Mr. CHEN Qiyuan and Ms. WAN Yuhua. This entity does not produce financial statements available for public use.

27 Significant accounting estimates and judgments

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The selection of critical accounting policies, the judgements and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in conditions and assumptions are factors to be considered when reviewing the financial statements. The following principal accounting policies involve the most significant judgements and estimates used in the preparation of the financial statements.

(a) Depreciation

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives, after taking into account the estimated residual value. The Group reviews annually the useful life of an asset and its residual value, if any. The depreciation expense for future years is adjusted if there are significant changes from previous estimation.

26 直屬及最終控制方

於二零一零年十二月三十一日，董事認為本集團直屬母公司及最終控制方為Fortune Station Ltd.。該公司乃根據英屬處女群島法律成立的有限公司，由陳啟源先生及萬玉華女士實益擁有。該公司並無編製可供公眾使用的財務報表。

27 主要會計估計及判斷

估計及判斷會持續接受評估，並以過往經驗及其他因素為基礎，包括預期日後會出現的在相關情況下相信屬合理的事件。

選擇重要會計政策、判斷及影響該等政策的應用的其他不明朗因素，以及呈報結果對情況及假設變動影響的敏感程度，均為審閱財務報表時將予考慮的因素。下列主要會計政策涉及編製財務報表時所採用的最重要判斷及估計。

(a) 折舊

經考慮預計的剩餘價值後，廠房及設備在估計可使用年期內以直線法折舊。本集團每年檢討資產的可使用年期及剩餘價值(如有)。倘若過往估計出現重大變動，則調整日後年度的折舊開支。

Notes to the Financial Statements

財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

27 Significant accounting estimates and judgments (continued)

(b) Impairments

- (i) In considering the impairment losses that may be required for certain property, plant and equipment, recoverable amount of these assets needs to be determined. The recoverable amount is the greater of the net selling price and the value in use. It is difficult to precisely estimate selling price because quoted market prices for these assets may not be readily available. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgment relating to items such as level of turnover and amount of operating costs. The Group uses all readily available information in determining an amount that is reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of items such as turnover and operating costs.
- (ii) Impairment loss for bad and doubtful debts are assessed and provided based on the directors' regular review of aging analysis and evaluation of collectability. A considerable level of judgment is exercised by the directors when assessing the credit worthiness and past collection history of each individual customer.

An increase or decrease in the above impairment loss would affect the net profit in future years.

27 主要會計估計及判斷(續)

(b) 減值

- (i) 考慮若干物業、廠房及設備可能須作出的減值虧損時，須釐定該等資產的可收回金額。可收回金額為淨售價與使用價值兩者的較高者。由於未必能取得該等資產的既有市場報價，故難以精確估計售價。釐定使用價值時，有關資產預期產生的現金流量會折現至其現值，此舉須對營業額水平及營運成本等項目作出重大判斷。本集團會運用一切可得資料，以釐定可收回金額的合理約數，包括根據對營業額及營運成本等項目的合理且可以證據支持的假設及預測作出的估計。
- (ii) 呆壞賬減值虧損按董事定期檢討的賬齡分析及可收回程度評估進行評估及計提撥備。董事在評估各個別客戶的信用評級及過往收賬記錄時作出大量判斷。

上述減值虧損的任何增減均會影響未來年度的淨溢利。

Notes to the Financial Statements

財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

27 Significant accounting estimates and judgments (continued)

(b) Impairments (continued)

- (iii) Inventories are carried at the lower of cost and net realisable value. Any excess of the cost over the net realisable value of each class of inventories is recognised as a provision for diminution in the value of inventories.

Net realisable value is the estimated selling price in the normal course of business less the estimated costs to completion and the estimated expenses and related taxes necessary to make the sale. For inventories with committed sales orders or active market, the Group estimates the net realisable value with reference to the selling prices set out in the committed sales orders or in the active market. For inventories without committed sales orders or active market, the Group carefully estimates the net realisable value based on available information and reasonable and supportive assumptions on expected selling prices, manufacturing costs, selling expenses, sales tax and etc.

(c) Taxation

Determining income tax provisions involves judgment on the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislations. Where the final tax outcome of these transactions is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made.

27 主要會計估計及判斷(續)

(b) 減值(續)

- (iii) 存貨乃按成本及可變現淨值的較低者列賬。各類別存貨的成本超出可變現淨值的任何餘額乃確認為存貨價值減值撥備。

可變現淨值為日常業務過程中以存貨的估計售價減去至完工估計將要發生的成本及作出銷售所需的估計費用及相關稅項。就有已確認銷售訂單或活躍市場的存貨而言，本集團參考已確認銷售訂單或活躍市場的售價估計可變現淨值。就並無已確認銷售訂單或活躍市場的存貨而言，本集團根據現有資料及對預期售價、製造成本、銷售費用及銷售稅金等的合理及有理據的假設，慎重估計可變現淨值。

(c) 稅項

釐定所得稅撥備涉及對若干交易之未來稅項處理的判斷。本集團慎重評估交易所涉稅務，從而作出稅務準備。有關交易的稅務處理將定期予以重新考慮以反映稅務法規的所有變動。若該等交易的最終稅務結果有別於最初列賬金額，則有關差異將影響釐定上述撥備之年度的所得稅及遞延稅項撥備。

Notes to the Financial Statements

財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

28 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2010

Up to the date of issue of these financial statements, the IASB has issued the a number of amendments and Interpretations and one new standard which are not yet effective for the year ended 31 December 2010 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

28 於截至二零一零年十二月三十一日止年度已頒佈但尚未生效的修訂、新訂準則及詮釋的潛在影響

截至本財務報表刊發日期，國際會計準則委員會已頒佈於截至二零一零年十二月三十一日止年度尚未生效，且本財務報表並無採納的多項修訂和詮釋以及一項新準則，其中與本集團相關的包括：

	Effective for accounting periods beginning on or after 於下列日期或 之後開始的會計期間生效
Revised IAS 24, <i>Related Party Disclosures</i> 國際會計準則第24號(經修訂)·關聯方的披露	1 January 2011 二零一一年一月一日
IFRS 9, <i>Financial Instruments</i> 國際財務報告準則第9號·金融工具	1 January 2013 二零一三年一月一日
Improvements to IFRSs 2010 國際財務報告準則的改進(二零一零年)	1 July 2010 or 1 January 2011 二零一零年七月一日或 二零一一年一月一日
Amendments to IAS 12, <i>Income taxes</i> 國際會計準則第12號(修訂本)·所得稅	1 January 2012 二零一二年一月一日

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position.

本集團正評估該等修訂於其初始應用期間預期會產生的影響。直至目前為止，本集團認為採用上述修訂不太可能對本公司的經營業績及財務狀況構成重大影響。

Five Years Summary

五年財務概要

(Expressed in RMB)
(以人民幣列示)

		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元	2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
Results	業績					
Turnover	營業額	1,475,355	1,756,001	1,411,248	921,680	392,369
Profit from operations	經營溢利	(131,573)	452,252	341,925	182,453	118,557
Net finance (costs) / income	財務(費用)/ 收入淨額	(2,558)	(2,449)	3,117	(436)	(664)
(Loss)/profit before taxation	除所得稅前 (虧損)/溢利	(134,131)	449,803	345,042	182,017	117,893
Income tax credit/(expense)	所得稅折扣/ (支出)	16,160	(85,659)	(63,268)	(672)	(1,934)
(Loss)/profit for the year attributable to the equity shareholders of the Company	本公司權益持有人 應佔年內 (虧損)/溢利	(117,971)	364,144	281,774	181,345	115,959
Assets and liabilities	資產及負債					
Property, plant and equipment	物業、廠房及設備	60,136	39,330	31,510	22,571	23,949
Lease prepayments	租賃預付款項	—	—	—	—	4,756
Prepaid advertising fee	預付廣告費用	2,437	6,081	—	—	—
Deferred tax assets	遞延稅項資產	27,089	—	—	—	—
Net current assets	流動資產淨值	1,501,769	2,008,883	289,387	151,657	129,943
Total assets less current liabilities	總資產減流動負債	1,591,431	2,054,294	320,897	174,228	158,648
Deferred tax liabilities	遞延稅項負債	2,031	20,062	6,369	—	—
Net assets	資產淨值	1,589,400	2,034,232	314,528	174,228	158,648
Capital and reserves	資本及儲備					
Share capital/Paid-in capital	股本/實繳股本	256,380	256,134	—	—	118,813
Reserves	儲備	1,333,020	1,778,098	314,528	174,228	39,835
Total equity	權益總額	1,589,400	2,034,232	314,528	174,228	158,648
(Loss)/earnings per share (RMB yuan)	每股(虧損)/盈利 (人民幣元)					
Basic	基本	(0.04)	0.15	0.13	0.09	0.06
Diluted	攤薄	(0.04)	0.15	0.13	0.09	0.06

Five Years Summary (continued)

五年財務概要(續)

(Expressed in RMB)

(以人民幣列示)

Notes:

1. The Company was incorporated in the Cayman Islands on 11 December 2007 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company became the holding company of the companies now comprising the Group on 31 December 2007 ("Reorganisation"). Further details of the Reorganisation are set out in the Prospectus of the Company dated 22 June 2009.
2. Although the Reorganization as referred to in the Prospectus has not been completed until 31 December 2007, the Group is regarded as a continuing group resulting from the Reorganization. The consolidated financial statements have been prepared as a business combination under common control and have been prepared using the principles of merger accounting as if the household and personal care products business ("HPC Products Business") of the Predecessor Entity as referred to in the Prospectus had been operated by the companies now comprising the Group and the group structure immediately after the Reorganization had been in existence since 1 January 2006. Accordingly, the consolidated income statements of the Group for the years ended 31 December 2006 and 2007 include the results of the companies now comprising the Group and the operations of the HPC Products Business of the Predecessor Entity. The consolidated income statements for the years ended 31 December 2008, 2009 and 2010 only include the results of the companies now comprising the Group. The consolidated balance sheet as at 31 December 2006 presents the state of affairs of the companies now comprising the Group and the HPC Products Business of the Predecessor Entity. The Consolidated balance sheets as at 31 December 2007, 2008, 2009 and 2010 only present the state of affairs of the companies now comprising the Group as at these dates.
3. The calculation of basic earnings per share for the three years ended 31 December 2008 is based on the profit attributable to equity holders of the Company and the 2,100,000,000 ordinary shares, which comprise 10,000 ordinary shares in issue as at the date of the Prospectus and 2,099,990,000 ordinary shares issued on 3 July 2009 by way of capitalisation from the Company's share premium account, as if the shares were outstanding throughout the entire period.
4. The summary above does not form part of the audited consolidated financial statements.

附註：

1. 本公司於二零零七年十二月十一日根據開曼群島公司法第22章(一九六一年法例3,經綜合及修訂)在開曼群島註冊成立為獲豁免的有限公司。於二零零七年十二月三十一日,本公司成為現時組成本集團的公司之控股公司(「重組」)。關於重組的詳情載於本公司於二零零九年六月二十二日的招股章程。
2. 儘管於招股章程所述的重組直至二零零七年十二月三十一日方告完成,但本集團被視為由重組而一直持續存在的集團。合併財務報表視同受共同控制的業務合併而編製,並且採用合併會計法,將招股章程所述的前身實體的家用個人護理產品業務視同一直由現時組成本集團的公司經營,並將重組完成後的本集團架構視同自二零零六年一月一日起一直存在。因此,本集團截至二零零六年及二零零七年十二月三十一日止年度的合併損益表包括了現時組成本集團的公司以及前身實體的家用個人護理產品業務的業績。本集團截至二零零八年、二零零九年及二零一零年十二月三十一日止年度的合併損益表僅包括現時組成本集團的公司的業績。本集團於二零零六年十二月三十一日的合併資產負債表呈列了現時組成本集團的公司以及前身實體的家用個人護理產品業務的財務狀況。本集團於二零零七年、二零零八年、二零零九年及二零一零年十二月三十一日的合併資產負債表僅呈列現時組成本集團的公司於該等日期的財務狀況。
3. 截至二零零八年十二月三十一日止三個年度的每股基本盈利乃根據各年度本公司權益持有人應佔溢利,並假設於這三個年度已發行2,100,000,000股普通股(包括於招股章程日期已發行的10,000股普通股以及於二零零九年七月三日將本公司股本溢價賬資本化而發行的2,099,990,000股普通股)而計算。
4. 上述概要並不組成經審核合併財務報表的一部分。

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

* for identification purposes only
僅供識別